

31/3

EUROPEAN ECONOMIC COMMUNITY

~~LT~~  
~~FF~~  
~~SH~~  
~~KL~~  
EK  
AD  
IS

**SUPPLEMENT**  
**TO**  
**BULLETIN No. 2-1967**  
**of the European Economic Community**

EXECUTIVE SECRETARIAT OF THE COMMISSION



Main points  
covered  
in market organization regulations  
for the  
single market stage

Guidelines  
for the EEC  
Commission's work  
in the social sector



## Main points covered in market organization regulations for the single market stage

(Memorandum submitted by the Commission to the Council on 5 January 1967)

In view of the introduction of the system of single prices in the cereals, pigmeat and eggs and poultry sectors with effect from 1 July 1967 and of a common organization in the sugar sector on 1 July 1967, with a single price system beginning 1 July 1968, the Commission has submitted to the Council proposals for the following regulations:

*a)* Regulation on the common organization of markets in the cereals sector.

Regulation on transitional measures for the application of common prices in the cereals sector.

These traditional measures, which concern only the changeover from the 1966/67 to the 1967/68 marketing year, are submitted in a separate document because they need to be adopted in January 1967 before the basic regulation in order to prevent any speculation.

*b)* Regulation on the common organization of markets in the pigmeat sector.

*c)* Regulation on the common organization of markets in the eggs and poultry sectors.

These two proposals will be forwarded to the Council in January.

*d)* Regulation on certain measures for the common organization of the markets in the sugar sector 1967/68.

Regulation for the gradual establishment of a common organization of markets in the sugar sector.

These two proposals were submitted at the same time. In fact it has proved difficult to lay down a system for the 1967/68 sugar marketing year unless the final regulation on the common organization is known at the same time, the more so as the final regulation must be adopted before 1 July 1967 for technical reasons connected with the growing of sugar-beet.

It should be noted that there has also been submitted to the Council a draft regulation on the co-ordination and unification of the import systems for fruit and vegetables applied by each Member State in trade with non-member countries. Although not based on Article 43 of the Treaty but on already existing regulations, this contains certain provisions analogous to those included in the above proposals (safeguard clause).

The establishment of single markets for agricultural products has led to certain changes from the arrangements at present in force. In order to facilitate discussion in the Council the main points which have arisen, particularly those having institutional implications, are summed up below.

### I. COMMON PROBLEMS

#### 1. Fixing of prices

For most products under the existing market organizations the Council, acting on a proposal from the Commission, fixes price brackets at differing dates according to the product. In the cereals sector this price fixing had to be done according to certain criteria. The Commission had transmitted to the Council a proposal based on Article 43 of the Treaty for a regulation on the criteria for fixing prices. The Council did not adopt this proposal.

For the new market organizations it is proposed that the prices be fixed at the

same date for all products, i.e. before 1 August each year and according to the Article 43 procedure, that is to say after reference to the European Parliament.

This procedure would be followed only for those prices which have political implications and which determine the level of the producer's remuneration. In the proposals in question these are the following:

*a)* Basic target price and basic intervention price for cereals and the standard qualities for which these are fixed.

*b)* Target price and intervention price for refined sugar and minimum beet price valid

in the area of the Community with the highest surplus, and standard qualities for which these are fixed.

c) The basic price of pig carcasses. It is by this price that market intervention is decided and purchase prices are determined.

## 2. Import and export licences

These are required only in trade with non-member countries. They are provided for in the cereals and sugar sectors and, where appropriate, for pigmeat. Validity is no longer limited to one Member State, as under the previous arrangement, but extends to the whole Community.

## 3. Fixing of the levy

a) According to Regulation No. 19 and other regulations of this kind (dairy products) the Commission fixes the cif prices and the Member State the levies.

At the single market stage the levy is the same for the whole Community and should be fixed by Community procedure. In view of the need for rapid and frequent decisions in the cereals and sugar sectors, it is proposed that the Commission be empowered to fix these levies: this will replace the fixing of the cif prices.

b) Under the pigmeat regulation the levies are at present fixed each quarter by the Council, whereas in the eggs and poultry regulations they are fixed by the Commission through the Management Committee.

It is proposed that in these sectors the levy should in future be fixed by the Commission through the Management Committee, the Council having laid down the necessary criteria for this purpose.

## 4. Refunds

### a) Principles

At the present time, in all sectors with a common market organization refunds are a matter for the Member States. The Community lays down only certain general rules concerning procedures (refunds in cash, fixing in advance, export-import or import-export procedures) on the one hand and a maximum amount of refund on the other.

With unified markets this power cannot be retained by the Member States; the fixing of

different amounts by these would lead to diversion of trade within the Community, since products which could circulate freely would be exported by the country granting the highest refunds and this would create unequal terms of competition. Furthermore, price zoning, where it exists, could be frustrated by unequal refunds according to the State.

For these reasons the following system is proposed. First, the Community may fix a refund but is not obliged to do so. The obligation to grant refunds on all products by giving a right to the exporters can lead to difficulties. On the other hand once a refund is fixed it should be the same for the whole Community and thus binding on the Member States.

The amount is to be understood as a single amount for a given system of refund without any possibility of a differential for place of production or export. However, at least for certain products, two or even more systems for granting refunds may exist: for example, export with the "normal" system of refunds and export with award following a call for tender.

### b) Amount

Notwithstanding any commitments which the Community might accept under a future world arrangement, the level of refunds is designed to enable Community exporters to meet international competition without disturbing world markets, as this may lead to retaliatory measures.

For this purpose it is not necessary to use the amount of the levy as the amount of refund automatically and for all products, since the levy is generally calculated on the basis of the lowest offers.

Furthermore the possibility would not be ruled out that in certain cases the amount of the refund may exceed the levy in accordance with criteria which would be laid down by the Council.

The uniform nature of the refund does not mean that it may not be differentiated for certain uses of products in accordance with the practice at present followed for cereals and dairy products and sometimes for processed livestock products.

### c) Procedure

The refund is uniform and compulsory, and the procedure for altering it must be very rapid. For instance, because it is possible to fix refunds in the cereals sector in advance, it has been found in the past that refunds in respect of very large quantities could be applied for in a single day.

The method proposed is fixing by the Commission through the Management Committee at regular intervals (one week is envisaged for cereals). During this interval the Commission, acting alone, could increase or reduce the refunds in the light of trends on export markets.

The Council would adopt the general rules concerning the procedures and the criteria for fixing the amounts.

The Council would further adopt the general rules applicable to cereals and sugar in the event of calls for tender. These rules should provide the possibility of refusing the lowest offer if it did not correspond to the world market situation.

#### *d) Products not included in Annex II*

In the sugar and cereals sector, arrangements are provided to implement the Council resolution on the financing of products not included in Annex II.

This resolution will be put into effect in these two sectors by fixing refunds according to the procedure set out above when the cereal or sugar is exported in the form of goods not including in Annex II. The list of such goods was adopted by the Council in its resolution on the financing of these products.

In the sugar sector the market intervention agencies may also make sugar available at world market price to industries manufacturing goods for export to non-member countries.

### **5. Processing traffic**

The agricultural arrangements at present in force leave the Member States free to apply their own systems for processing traffic, while providing for maximum amounts of refund. This has given rise to distortions.

Once the Community fixes a uniform export refund it becomes impossible to allow complete freedom to apply the national processing traffic systems vis-à-vis non-member countries.

On two points in particular it is essential to settle the conditions under which processing traffic is conducted:

- a) The maximum yield;*
- b) The levy to be applied to processed products remaining in the Community.*

The possibility has also been provided for the Council to prohibit recourse to processing

traffic arrangements for certain products. It may prove desirable to avoid this practice for some products of which the Community has a large surplus.

### **6. Arrangements in the event of shortage**

The Commission had submitted to the Council a proposal regarding measures to be taken in the event of shortage of Annex II products. This proposal was not adopted. When it was discussed in the European Parliament the latter requested that arrangements to this end should be included in each market organization at the single market stage.

Each of the proposed regulations includes a provision to remedy situations of this sort.

In the sugar sector, where such a situation has existed in the recent past, the measures which can be taken are specified: export levies and import subsidies.

### **7. Safeguard clause**

The market organization regulations in force (with the exception of the olive oil regulation) include a safeguard clause which is applicable in trade between Member States and with non-member countries and the administration of which is vested primarily in the Member State. The Commission intervenes within four days, after consulting the Management Committee, to uphold, amend or rescind the measures. Finally, the Council can amend or cancel the Commission decision if this is referred to it by a Member State.

At the single market stage it is proposed to amend the safeguard clause on the following points:

- a) The safeguard clause will apply only in trade with non-member countries; it may no longer be applied in intra-Community trade.*

In trade with non-member countries it is clear that in putting this clause into effect due regard must be had to international commitments, in particular the GATT rules.

On this point the Commission proposes to the Council the inclusion in the minutes of the following declaration:

“The Council agrees that the safeguard clause must be applied in conformity with existing international obligations.”

b) The safeguard clause can no longer be applied by a single Member State but only by the Community;

c) The administration of the safeguard clause is vested in the Commission. However, the Commission, if appealed to by a Member State, must decide either to take action or to reject the request. Such decision may be appealed against to the Council.

The time-limit within the Commission must decide when called upon to do by a Member State is two days in the cereals, sugar, fruit and vegetables sectors and four days in the pigmeat and eggs and poultry sectors.

The two-day limit is justified for reasons peculiar to each sector in question. For cereals and sugar, in view of the fixing in advance both of the levy and of the refund, considerable numbers of import and export licences may be applied for within a time-limit of one day and it is necessary to be able to act with extreme rapidity. As regards fruit and vegetables, the perishable nature of the products and the sensitivity of the market call for rapid decisions.

In the pigmeat and eggs and poultry sectors these specific conditions do not exist and a time-limit of four days can be allowed.

With the existing safeguard clauses the Commission made its decision after consulting the Management Committee.

Since there will no longer be any national decision and since the Commission decision must if necessary be made within a very short time-limit it seems impossible to maintain this consultation requirement. There is nothing to prevent the Commission from having recourse to it if the circumstances allow.

d) The Council's role in the administration of the safeguard clause is two-fold:

i) It defines the procedures, i.e. the measures which the Commission can take and, where appropriate, the criteria for appraising disturbances or threats of disturbance to the market;

ii) If a Member State appeals to it against the Commission's decision, the Council may amend the said decision.

## 8. Waiver article

In the present common market organizations there is an article allowing the Council to waive the provisions of the regulation in question. It has been found that once this provision existed it was very difficult to limit its use, and in view of the very precise

nature of certain provisions in the basic regulations it has become the most frequently applied article in each of the agricultural regulations.

This frequent use may conflict with certain reservations of a legal nature and has been the subject of some criticism in the Parliament on the grounds that it was a means of evading consultation of the latter. It is proposed to omit this article in the single market regulations, the counterpart being that the provisions of the basic regulations will do no more than lay down general principles and procedures.

## 9. Financial regulation

### a) Revenue of the EAGGF

In the sugar sector, expenditure in respect of refunds and market support, including compensation for stocking costs, will reach about 150 million units of account in 1968/69, 15 million of this in respect of stocking.

However the sugar regulation provides for the creation of two sources of revenue: a production contribution which will probably total 40 to 50 million units of account, and a stocking contribution whose amount will be calculated in such a way as to cover expenditure incurred in compensating for stocking costs and the proceeds of which will in this way amount to 50 million units of account.

It would seem out of the question to leave the Member States the benefit of these contributions while the expenditure falls on the EAGGF. A solution can be found for the time being by applying the present rule to the contributions up to 90% in the calculation of the sliding scale of Member States' contribution to the EAGGF. This is the solution proposed in the sugar regulation.

### b) EAGGF expenditure

The introduction of the single market, along with the changes to be made in certain market organizations machinery on the one hand and the implementation of the Council agreement of December 1964 on the other implies completion or revision of certain provisions concerning the financing of measures eligible for EAGGF aid.

The Commission will study the problems involved at a later date and will submit the necessary proposals to the Council, keeping in mind also the measures to be taken to apply Regulation No. 130/66/CEE.



## II. SPECIFIC ARRANGEMENTS BY SECTOR

### Market intervention

#### a) Cereals and sugar

For cereals and sugar two categories of intervention measures are laid down;

##### i) Compulsory interventions:

The obligation on the intervention agency to purchase at a specific price;

The obligation to grant a refund on production for certain uses;

In the cereals sector, the obligation to compensate for stocks held at the end of the marketing year and aids to the production of durum wheat.

ii) Certain non-compulsory interventions which the authorities in the Member States can carry out:

Denaturing of cereals or sugar;

Sale of sugar at the world market price for incorporation in products exported to non-member countries.

The basic regulations lay down the principles set out above and the general arrangements for marketing the products purchased. The operative rules governing market intervention

have still to be agreed by the Council on a proposal from the Commission, which adopts the implementing details in accordance with Management Committee procedure.

#### b) Pigmeat

In the pigmeat sector measures will be taken to stabilize production of pigs, and intervention measures for pigmeat. As to the first only the principle is laid down and the Council still has to define the details in accordance with Article 43. The second category of measures can be in the form of support buying or of aid to private stocking. These measures, which are obligatory, do not come into operation automatically as in the cereals and sugar sectors. Their application depends on a Community decision linked, on the one hand, with a finding that prices have fallen to the level of the basic price or lower and are likely to remain at that level, and on the other with a general appraisal of the market situation in the light of criteria which the Council will establish.

In this way the system continues to have a certain degree of flexibility at Community level and at the same time avoids the risk of distortions of competition which could stem from market intervention effected in different ways in the Member States.

## Guidelines for the EEC Commission's work in the social sector

(Memorandum submitted by the Commission to the Council  
on 22 December 1966)

### INTRODUCTION

1. The Treaty of Rome was manifestly designed with not only economic but also social considerations in mind. No other conception would in any case have been possible because of the close interdependence of economic and social problems and developments. Therefore the Commission, in presenting its action programme for the second stage, urged that the Community should have a social policy of its own, emphasizing that the social aims of the Treaty could not be fulfilled simply by the establishment of the Common Market but would also require special social measures. The Commission still affirms this need and is making a comprehensive and realistic approach to it, plac-

ing the economic and social aspects of development in the general framework of Community activity.

One has only to consider the developments in the Member States, where social considerations have played a decisive part in the determination of general lines of policy, to realize that the Community too must identify economic expansion with social progress and regard them as one and the same objective.

2. This is the spirit in which the results of Community social policy to date should be judged and further development conceived. The lessons to be learned from the work

done so far, as well as the innovations resulting from the establishment of a first medium-term economic programme, should be borne in mind, particularly in their social implications.

3. The Commission's work is naturally based on the Treaty of Rome and on the needs which become apparent as it is progressively applied.

4. The Treaty contains a number of specific social provisions, concerning in particular the free movement of workers, social security for migrant workers, the European Social Fund, paid holidays and equal pay for men and women. The emphasis naturally had to be laid on these essential obligations. The Commission gave priority to this work in the first and second stages and intends to continue and develop it in future.

5. At the same time, the common policy on vocational training called for by Article 128 of the Treaty must assume a more practical aspect under the general principles and action programmes already adopted.

6. But other Treaty provisions have a general bearing on the social aims of economic integration. Apart from the objects stated in the preamble and in Article 2, they rest mainly on Articles 117 and 118 on the harmonization of social systems. Since the vague wording of the very exacting articles on this subject has led to differing interpretations, the joint efforts of Member States and the Commission to make them clearer and more efficacious need to be intensified. On the basis of the results already obtained, which may be considered as largely satisfactory, there must now be definite decisions on further measures to be taken for general guidance jointly by the Member States and the Commission, with due regard to the views of both sides of industry.

7. Although the studies made on the various subjects mentioned in Article 118 of the Treaty clearly represent in themselves a certain progress, some of them must nevertheless be taken further by Community action to enable the Commission to fulfil its task of promoting close collaboration between the Member States in order that the essential "convergence" of national social policies may be progressively achieved.

8. It should finally be noted that, aside from certain Treaty articles which require the adoption of specific social measures, the Community's social policy is interwoven in the body of the Treaty. This means that the Commission is obliged to take social factors into account in almost all aspects of

Community policy, whether common or other policy, and that it can find the legal justification for Community intervention in social matters in other articles besides those strictly applicable.

9. It is by the foregoing considerations that the Commission's activity during the first and second stages can be evaluated and a clear idea can be obtained of the work which remains to be done before the end of the transition period if the requirements of the Treaty are to be met.

This means that the specific social obligations will have to be fully satisfied — which is unquestionable — but also that further efforts will have to be made by Member States and by the Commission to ensure that no excessive social disparities remain which may affect the establishment of the Common Market and that the progress made with the harmonization of social systems as a whole is satisfactory, bearing in mind legitimate national peculiarities. The results so far obtained and the measures required for the fulfilment of the programme for the second stage should be considered in this context.

10. In this light too, particular importance should be attached to the Community's first draft medium-term economic programme, which is expected to be adopted by the Council after reference to the European Parliament and the Economic and Social Committee. The establishment of this programme, which will permit the co-ordination of the general economic policies of Member States, has brought to the forefront aspects of social policy which will be decisive in the next five years, such as problems of employment, vocational training, working hours, wages, social security, social institutions and regional differences, for example. The studies made and lines of action approved provide the general framework for national and Community social policies, with due regard of course to other social considerations which are equally important but which for various reasons have not been touched upon in the first programme.

11. Moreover, the Commission needs to be constantly informed, for the satisfactory discharge of its tasks, of the social priorities affirmed at the national level both by the governments and by management and labour. Such regular information on the trends of social policy in the Member States can be obtained partly by studying the main points in government programmes, the items included in national budgets for social purposes and the views of employers and workers, and partly by organizing periodical discussions at Community level with government representatives and representatives of Euro-

pean employers' and workers' organizations. By such meetings, taking as their point of departure the progressive extension of and changes in social legislation during recent years in each of the six Member States, the broad trends in the medium term can be observed.

12. Since management and labour, because of the independence they enjoy in all the Member States, play an important part in social progress, it is essential that their

representation, when Community activities are being decided, should be suitably strengthened so that the objectives described above may be satisfactorily fulfilled.

13. It is, however, clear that in proceeding with its main tasks in the social field up to the end of the transition period the Commission must have regard to the adjustments necessitated by any changes which may occur in national or Community requirements or priorities.

## A. EMPLOYMENT AND VOCATIONAL TRAINING

### I. Employment

14. Further and more effective work must first of all be done to obtain as much knowledge as possible of employment trends. This can be done by periodical surveys of the situation, studying with the co-operation of national governments and both sides of industry recent developments and the short-term outlook, and submitting proposals for appropriate measures or suggesting lines of approach to meet the situations observed or anticipated. Every effort will be made to rationalize and improve the annual report on manpower problems in the Community as well as the other reports touching upon employment problems.

15. These studies of the situation must moreover be supplemented by longer-term forecasts so that measures to balance labour supply and demand may be taken in good time.

16. Hence, in addition to general and quantitative studies, it is essential for detailed structural and qualitative analyses to be made to show the trend of employment by sector, class of worker, standard of skill and region. The first studies by sector undertaken by the Commission, on the subject of agriculture and building, will be extended to the main branches of activity in which there will in the next few years be a large increase or reduction in manpower. Together with the regional aspect, the trend shown will permit the preparation of measures on occupational and geographical mobility which already appear to be one of the fundamental aspects of medium-term employment policy, in view of the significant structural changes which will take place in a labour market characterized in most member countries by shortages of manpower.

Moreover, the employment trends according to skills are essential background for vocational training policies since they allow a medium- and long-term comparison of training facilities and skilled labour requirements.

Aspects of the employment problem concerned with classes of workers must also be clarified by special studies. In addition to the employment of women, at present under investigation, other groups such as the handicapped, the aged and young workers must also be investigated.

17. Finally, the role and efficacy of national employment services must be seen against the exigencies of the present day economy, notably with regard to information on the number and location of vacancies, to permit rapid clearance of offers and applications, and with regard to the development of vocational guidance for adolescents and adults. The Commission will furthermore continue the preparation of a programme for collaboration between Member States embodying exchange of experience, joint action, training and information facilities and the joint discussion of the further development of employment services.

18. In order to take all these factors into account, there should be a joint periodical review of the situation and development of the various aspects of employment problems occurring at the national or Community level.

### II. Free movement of workers

19. Legal obstacles to the free movement of workers have to a large extent been overcome by the Council's decisions in the first and second stages. They must be completely

overcome. This is the object of the new measures proposed to the Council pursuant to Article 49 of the Treaty and the measures adopted by the Commission pursuant to Article 48 on the worker's right to remain in the country where he has been employed.

20. But the Commission will have to see that Community provisions, whether in the form of regulations or directives, are applied in practice in the Member States. Hence it will be necessary to arrange closer co-operation with the national authorities and to see that those authorities whose duty it is to ensure through their subsidiary offices that Community requirements are correctly carried out, are more fully informed. The interpretation of these requirements should also be watched to see that they are not to some extent robbed of their substance.

21. In seeking to make the regulations and directives of the Community more effective in practice, the primary objective of the Commission and Member States must be to ensure the widest possible employment prospects. More efforts must be made to improve the machinery for clearance of vacancies and applications. Furthermore, the Community must make more effort to arrange compressed training courses for workers who wish to emigrate but cannot do so because they have not the skills required to fill the jobs available.

22. Finally, since the decline in available manpower in the Community has already led to recruitment of labour from associated or non-member states and since this trend will continue in the coming years, the Member States should in their mutual interest harmonize their policies on recruitment from these countries.

23. The social and human aspects of free movement of workers will of course be the subject of further work by the Commission, with a view to overcoming problems of adjustment to language, customs, administrative and trade practices, etc., as will the human aspect of family unity and the need to promote more stability among migrant workers.

### III. Social security for migrant workers in the Community

24. In this very technical and complex field the Commission will continue its work of simplification and improvement of procedures and their extension to other classes of workers.

25. The revision will supplement the various regulations made since 1958. A proposal has been made to the Council for a new regulation with annexes concerning special maternity benefits, the provisions of bilateral agreements which are to remain in force, the classification of disablement pensions, minimum pensions, etc.

Besides this basic regulation the implementing regulation is also to be revised and proposed to the Council as a new regulation.

26. It must be stated here that a simplification of the machinery for co-ordination of national social security schemes can only be attained if at the same time, at least in certain respects, the national insurance schemes themselves are also harmonized.

27. In connection with the widening of freedom of establishment and freedom to supply services, the problem of co-ordinating social security schemes for the self-employed must also be solved.

### IV. Vocational training

28. Since the training of manpower is a primary factor in economic growth and social progress, the Commission will act in accordance with the already approved general principles and programmes to establish a common system for vocational training. For the Community's work to be realistic, it must be directed towards the main problems confronting the Member States in varying degrees and help to solve these problems. Hence a joint periodical examination of the situation and development of the various aspects of national vocational training policies is essential.

#### 1) Vocational training of young people

29. One of the most urgent tasks is to complete an inventory of the existing training resources in the Community and see whether they meet the existing or estimated demand in industry for skilled manpower in different sectors and at different levels. A confrontation of the medium- and long-term forecasts or thinking of the Member States at Community level is therefore essential to enable Member States to learn mutually from their experience and find the best methods of assessing demand.

This confrontation should also involve the renovation of certain institutions and their adaptation to economic, technical, social and cultural development. Problems also need

to be investigated which arise from certain disparities in the accessibility of training centres, particularly in rural areas. Girls should have greater opportunities for vocational training. Particular attention should be paid to the raising of the school-leaving age and its effect on technical education and apprenticeship facilities, in order to explore the possibilities of preliminary vocational training or an introductory vocational course.

30. There is an acknowledged need for multi-craft training, and consideration must be given to the knowledge and skills it is necessary to impart in order to fit a man for a variety of trades and occupations. The studies at present in progress regarding the alignment of qualifications, with the object of facilitating the free movement of workers, will also be helpful here.

31. When an inventory has been made of the main training methods used in the Community, the most useful methods can be generalized, possibly by means of Community courses or pilot centres.

32. As one of the obstacles to satisfactory vocational training is shortage of instructors, means must be sought of remedying this situation.

## 2) Vocational training of adults

33. Since the vocational training of young people is a lengthy undertaking, more effort should be made in the vocational training of adults, which can serve short- or medium-term needs. Training of adults, which was originally intended for redundant workers, was gradually extended to workers threatened with redundancy in the short or longer term by reason of developments in particular branches or of technical advances. A recent extension in the training of adults gave all the adult workers involved opportunities for upgrading as part of a general policy of social betterment.

34. The existing facilities for rapid training or retraining of adults must be viewed at Community level in relation to the foreseeable demand for labour, having due regard to the swift changes which are taking place in the economy.

The geographical and occupational distribution of training facilities should accord with the anticipated migrations from sector to sector; special efforts should be made for workers moving from underdeveloped areas, those leaving agriculture, and women, for whom this type of training is particularly

suitable, to fit them for work again after a long or short break.

Finally discussions can be arranged at Community level on upgrading courses and social advancement.

## 3) Exchanges of young workers

35. In accordance with the first programme for the promotion of exchanges of young workers in the Community, discussions are held each year with Government representatives to decide the number of workers to be exchanged and the aid to be given by the Member States, and to assess the results achieved in the previous year.

In pursuance of this programme, the Commission will distribute information to the relevant associations and organizations with a view to stimulating interest in these exchanges.

## V. Vocational guidance

36. The vocational training of young people is considered to be socially and economically beneficial the more facilities for vocational guidance are expanded, taking into account economic requirements, employment prospects and individual skills.

37. As vocational guidance for adults is important for occupational and geographical mobility, employment offices will improve their advisory services, particularly by supplying full information on the type, number and location of vacancies and on the opportunities offered for vocational training, retraining and higher training.

38. Hence the Commission is proceeding with the agreed programme for co-operation among the Member States on matters of vocational guidance; there will be exchanges of experience, joint action and joint discussion of the development and efficiency of vocational guidance services.

## VI. The European Social Fund

39. Widening the scope of the Social Fund is a reflection of the above-mentioned developments in the Member States as regards vocational training and retraining,

geographical and occupational mobility, and regional policy.

Activities in this field will of course flow very largely from decisions of the Council already taken, on Commission proposals, to broaden the Fund's sphere of competence.

## B. LIVING AND WORKING CONDITIONS

### I. General considerations

41. Among the tasks allotted to the Commission those concerning living and working conditions are among the most important and the most delicate. The Commission has used every means in its power to facilitate and broaden the essential "close collaboration between Member States" required by Article 118 of the Treaty; otherwise imperative social needs cannot be truly satisfied in the new Europe. For this purpose those with whom the Commission is first engaged are of course the Governments of the Member States, which are responsible for the social policy of their countries, but also employers' and workers' organizations, which are independently responsible in the six countries for collective bargaining.

42. So far the Commission's prime concern has been to make the development of certain aspects of living and working conditions "transparent", these "social surveys" often resulting in Community measures, usually recommendations.

43. As has already been said in the introduction, however, the findings made while the studies have been in progress and the preparation of the first medium-term economic programme have led to an adjustment of the Commission's approach, since the need became clear to investigate many problems in their general setting, for instance the problem of work for the handicapped, the aged, women, young people, etc. This new approach of the Commission in its work under the terms of Articles 117 and 118 of the Treaty is confirmed by one of the general aims set out in the draft medium-term economic programme; for the Common Market to evolve into an economic union it is essential that regular information be supplied on social developments and the social policies of the Member States and that there should be close collaboration between them in social matters.

40. Also, in accordance with Article 126 of the Treaty it will be necessary in the coming years to study in detail the practical lines on which the activity of the Fund should be developed in order to achieve the objectives of Community policy beyond the third stage.

44. One of the Commission's first tasks, and one that it has already begun, is indeed to assemble information and documentation on all the legislative, administrative and collective agreement aspects of the Member States' social policies. These essential comparative surveys must be kept up to date and supplemented as far as possible by short- and medium-term trend forecasts.

Moreover, detailed investigations are to be made of certain problems which, because they are very technical or because they have high priority in the Member States and are important for the needs of Community policy, are of particular interest. As examples the following subjects of detailed social studies may be cited: wages, working hours, working conditions, economic effects of social insurance, supplementary insurance, etc. This concern with "transparency", bringing to light disparities and even inconsistencies in the general social situation in the Member States and serving as a basis for comparisons at Community level, cannot be underestimated as a factor of harmonization and as a starting point for "spontaneous" reforms by way of regulations or collective agreements with any formal action by the Community.

45. On certain points the Commission may be able to act on these surveys simply by rendering formal opinions. Clearly however the use of other Community instruments may be appropriate and at times even necessary if it is desired to obtain an approximation of national provisions for the better functioning and development of the Common Market. For this purpose the recommendation appears most suitable because of its flexibility; it is an instrument to which the Commission has already repeatedly had recourse in such matters as social assistance and housing for workers moving within the Community, industrial medicine, occupational diseases, etc. This does not prevent some proposals of the Commission from taking the form of directives as soon as all the conditions warranting

action on these lines are satisfied, as for instance in industrial safety. Justification for Community legislation can also be found in the circumstances arising in the execution of common policies, in particular the common agricultural policy and the common transport policy, as well as in the needs which may be felt in giving effect to the medium-term economic policy. The choice of sectors for harmonization must naturally be made after consultation with the Governments and both sides of industry, in close collaboration as stipulated in Article 118.

46. Furthermore, each problem investigated must be seen as part of a general concept in order to obtain the necessary overall view. Thus for instance problems of old age pensions must be viewed in the light of the general problems of the aged and in studies of health insurance due regard must be had to all the other aspects of public health, in particular the hospital facilities available. The Commission will then be able to formulate its proposals in such a way as to show the connection with the other aspects of social policy and general economic policy.

## II. Wages

47. An important task for the Commission is to keep itself fully informed on the wage situation in the six countries both from the cost angle and the income angle, more particularly on the basis of the statistical surveys carried out by the Statistical offices of the Member States. It should be mentioned that, firstly, a comprehensive survey on wage patterns has ascertained the gross hourly earnings of industrial workers in October 1966 and secondly, that, the surveys on labour costs and workers' incomes covering 1959 to 1964 for 14, 8 or 13 branches will henceforth be in the form of a single survey carried out every three or four years and covering all branches of industry. This survey will be brought up to date by applying the results of the collected statistics on gross hourly earnings of industrial workers appearing in April and October each year. Finally, the work currently in progress on a survey of wages in road transport will probably be extended to other types of transport: inland waterways and railways.

48. It will in addition have to be ascertained whether the statistics obtained by the survey on wage patterns of October 1966 and from those on labour costs and workers' incomes need to be investigated in more detail in the joint working groups, as was done with the results of the first surveys,

in order to explain the considerable differences and anomalies occurring. More extensive investigations might cover the influence of various structural factors, such as industrial status (wage-earner or salaried employee), qualification, sex and seniority of the worker, size of the firm, region, etc.

49. Close study must also be given to certain other matters (which moreover arise in other aspects of the Community's work), such as the varying policies on capital formation and property ownership for workers, sliding-scale wage systems, the level and composition of non-wage incomes and wage drift.

## III. Working hours

50. The surveys carried out in collaboration with experts from the governments and with both sides of industry have provided a better comparative knowledge of the legal provisions and collective agreements and of the actual situation regarding working hours in the most widely differing sectors. But the synoptic tables prepared, if they are to be of the fullest practical use, will need to be kept up to date regularly, particularly by the inclusion of new legal and administrative provisions and collective agreements.

Further efforts should also be made to obtain statistics providing more information and therefore permitting a better comparison of actual working hours in the six countries.

51. It should be possible, after a still more detailed investigation of the law and practice in the Member States and the economic effects and social objectives, to harmonize some of the more especially "protective" aspects of the law on working hours, for instance night work, Sunday work and maximum daily and weekly working hours.

Further investigation might also be useful on the rather more technical subjects of exceptions to and flexibility of normal working hours, possibilities of recovering hours lost, "systems of equivalence" between working weeks in different branches, etc. (1).

(1) This is for the purpose of applying over-time rates. In some occupations, e.g. shop-assistant, cook in a restaurant, etc., the working week may be 40 hours, but it is known that such employees do not in fact work all these hours, as in industry. So it may be agreed that in these trades over-time rates do not begin to apply until, say, 43 hours have been worked; i.e. a 43-hour working week is said to be "equivalent" to a 40-hour week in industry. (Translator's note).

52. Other matters too may have a particular interest from the point of view of developments in this field in the recent past and the near future, for instance the problem of part-time working, particularly for female labour, the relationship between working hours and productivity, the effects of reduction in agreed working hours on effective working hours, relationship between working hours and industrial safety, etc.

#### IV. Labour relations

53. The Commission must be able to present to interested parties a general view of the situation and development of the law on individual and collective labour relations in the six countries. To this end, arrangements must be made for regular information on new laws and regulations and the most important clauses in collective agreements. In the last case the basic figures for regular comparisons at Community level must be provided by an appropriate, adequately selective but also representative system. These confrontations between representatives of the Governments and both sides of industry would serve to clarify the most important recent features and the short- and medium-term trends shown.

54. This regular information may also serve for a closer examination of labour relations according to industry by joint committees or working parties representing both sides, the creation of which at the European level for the most important branches or for those presenting specific problems would meet a particular need felt both by workers and by employers. The Commission views with favour the setting up of such Committees and has declared itself ready, while respecting the complete independence of the two sides of industry, to give them all the technical assistance necessary within the means at its disposal. In doing so it merely is continuing action already undertaken.

Discussion in these Committees would certainly have a constructive influence on the development of social policy at Community level, whether or not it led to formal or informal agreements. However, if such agreements should prove possible for certain aspects of working conditions and labour relations which are ripe for agreement, they might serve to give a lead to professional associations and trade unions when joint negotiations were being undertaken at the national or regional level, thus helping to achieve progressive social harmonization in the sphere of collective bargaining.

55. Certain aspects of labour relations have already been or will shortly be investigated, such as the rules of procedure for the settlement of industrial disputes, the sharing of workers in management decisions, legal and practical arrangements for collective bargaining in the Member States, legal problems presented by the territorial scope of collective agreements, exercise of the right to strike and the various measures taken in the case of men being laid off.

#### V. Industrial safety and health

56. With the co-operation of the national departments concerned with industrial safety and health, Community regulations have been drafted concerning cartridge-operated stud drivers and dangerous substances. Similarly it is intended to examine other aspects of industrial safety in connection with steel scaffolding, conveyor belts, cranes, hoists, dangerous agricultural machines and various equipment and tools, and to make proposals where appropriate.

57. In industrial health, on which the Commission has already issued two recommendations concerning industrial medical services and medical supervision of workers exposed to special hazards, attention is being paid to certain specific problems such as work in compressed air (caissons, diving-bells, etc.) and work on building sites, aptitude tests at the vocational guidance and placing stages, medical examination on recruitment and engagement of workers from non-member countries, physical fitness in transport, noise abatement in industry and certain aspects of the physical protection of women and young persons engaged in agriculture.

58. The results achieved by the seminar organized by the Commission in June 1966 on the educational and psychological aspects of accident prevention must be treated as the basis for co-operation at Community level to obtain a better understanding of industrial safety problems from the management and labour points of view. Among the many suggestions made at this seminar, those which concerned the standardization and the inspection and testing of personal protective devices as well as the standardization of danger notices must certainly be pursued. The Commission intends to find means of acting upon them.

59. The Commission will therefore continue this action concerning industrial health and medicine and on industrial safety; in this latter field the Commission's work may have



repercussions beyond its real social importance and be instrumental in the removal of obstacles to free movement, freedom to supply services and free movement of goods arising from the many differences in national regulations.

In addition steps will be taken to organize co-operation between Member States in the event of industrial disasters.

## VI. Social security

60. The following aspects should be considered in studying problems of social security at Community level: the part played by social security in each country in removing the social inequalities left in the wake of or intensified by economic growth, the possibilities of developing social security at national level having regard to economic progress and balance, the special aspects connected with the achievement of a common market (free movement, common policies, etc.).

If these factors are considered, it should be possible to decide what aims the systems of social security in the EEC should attain in the light of developments within the Community.

61. Inequalities may manifest themselves in two ways: by an increase in differences of income, and hence unequal opportunities to satisfy individual needs, and by the gap between degrees of satisfaction of individual and of collective needs. These are problems arising from the development of public amenities, in particular social amenities, which are in their turn dependent on investment possibilities.

These facts suggest that the contribution of social security towards satisfying these needs should be studied with due regard to these two kinds of inequality, the ways in which they are manifested, and the priorities that should apply.

At Community level aspects common to some or all of the Member States which may require the introduction of minimum standards need to be determined.

62. The first task of the Commission in determining these general lines of action is to complete the work begun during the second stage, in accordance with the national and Community orders of priority decided in consultation with Government representatives and both sides of industry.

The Commission will also try to find ways and means of mitigating the obstacles arising from differing national legislations in order to bring about a better application of regulations on social security for workers moving within the Community.

The Commission will of course continue also the studies already begun of the social security aspects of common policies, notably the common agricultural policy.

63. To establish orders of priority it will be necessary to study the past and future development of the main branches of social security such as sick benefits, family allowances and old age pensions, with particular reference to national budgets and for some countries the sections of the budgets devoted to social purposes.

The studies should include the trend of social security costs and the benefits provided. Up-to-date statistics would need to be kept to follow the trend of certain essential data, broken down by country and within each country, in order to evaluate exactly the social situation and to place the social security phenomenon in its general context: total wages and salaries, total public expenditure, etc.

64. A study should also be made of various factual and legal situations having particular regard to the work begun on medium-term economic policy.

Thus for instance social security aspects can be studied under general headings, such as the handicapped (in particular the problem of procedures for medical treatment of victims of industrial accident) the aged and young people — together with other aspects of the same problem. In this way the effect of the series of measures to be adopted for the benefit of these groups throughout the social security field could be determined, for instance matters of cumulation or non-cumulation of old age pensions and earned income, part-time work for women, etc.

Particular attention will be paid to specific points according to their financial and economic repercussions, for instance deficits in social insurance funds and their financing, administrative costs, etc., keeping up to date the relevant figures for constant evaluation.

Matters closely connected with social security, such as expenditure on medical services, drugs and hospital treatment, will be studied.

65. Finally the Commission will keep the public informed by the regular publication of comparative tables of social security schemes in industry, commerce and agriculture.

## VII. Problems of housing, social services, family policy and public health

66. Work relating to housing policy will be continued. Special attention will be paid to the regional aspects and to the limits of ability to pay of the lowest-income categories. Measures will also be proposed for the improvement of rural housing.

67. Special effort will be made to improve knowledge at Community level of the activities of social services on the problems arising in this connection, notably with regard to certain categories such as the

handicapped, the aged, women and young people.

68. Exchanges of information on family policies of Member States will continue; studies on standards of living and on family budgets will permit a better assessment to be made of policy regarding family allowances. The problems faced by a growing number of women in reconciling their work with their family responsibilities will also be examined.

69. The most important public health problems common to the Community countries, in particular those of hospital services and air and water pollution, will receive attention.

## C. THE SOCIAL ASPECTS OF COMMON AND OTHER POLICIES

70. As already stated in the introduction, the Commission intends to devote even more attention than in the past to the inclusion of social considerations in Community policies. The Community's social policy cannot be restricted to the specific social measures mentioned in the foregoing paragraphs but must be extended to Community policy as a whole, in order to fulfil one of the chief aims of the Treaty of Rome, namely the improvement of living and working conditions of the people and their levelling in an upward direction.

Hence the development of all Community policies, including common policies (for instance in agriculture and transport), as well as other policies (short-term economic policy, regional policy, policy on sectoral structures, etc.) need to be constantly watched. The Commission must be particularly mindful of the implications for social policy of the definition, general lines and execution of medium-term economic policy.

### I. The common agricultural policy

71. In agriculture, according to the programme worked out from the results of the Conference on social aspects of the common agricultural policy, special attention is to be paid to attaining social parity with the other sectors. For this purpose it is essential that agriculture should be included in the scope of general measures, account being taken, however, of the special requirements of this sector. When planning economic measures,

attention needs to be paid to structural matters to ensure that these measures serve to improve living and working conditions.

Work should first be done on priority matters: working hours, minimum wages, social security, stability in employment, vocational training and housing of seasonal and permanent agricultural workers.

72. In a common policy on the fishing industry the Commission must also exert itself to eliminate socially inadmissible conditions and to bring about social parity with other industries. The efforts of the Commission will be particularly directed to the intensification of vocational training, greater stability of employment and earnings, the harmonization of laws on composition of crews, signing-on conditions, working hours and health, and safety at work on board.

### II. Common transport policy

73. In transport, the Commission's activity will be mainly concerned with the preparation of measures to implement the Council decision of 13 May 1965 on the harmonization of certain provisions affecting competition in rail, road and inland water transport. These provisions will concern more particularly the composition of crews, working hours, time off and overtime. Other provisions concern vocational training, medical examination, health and safety. All three types of transport will be included in the wage surveys.

## D. SOCIAL STATISTICS

74. The Statistical Office of the European Communities intends to continue and develop its efforts to harmonize social statistics in the coming years. This is essentially a matter of solving the many complex problems connected with the comparability of national social statistics arising from the differing laws, institutions and administrative practices and from differences of a purely statistical nature in concepts, methods, and even the presentation of the figures.

Work already done towards agreement on a common statistical plan on the basis of

national source material will be extended to other subjects according to a system of priorities in a general programme. It will concern wages, standard of living, employment, social security and industrial accidents.

75. Since the harmonization process will take a long time while the Statistical Office must meet urgent needs, certain Community surveys will be carried out with a view to providing comparable data in the shortest possible time, notably on the cost of living, wage structures and the extent of risk of industrial accidents.





