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Social Developments
Year 1981**

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Contents

General and political introduction	5
I. Activities of the institutions of the European Community in the social field in 1981	7
II. Future activities of the Community in the social field	15
Social developments in 1981	19
Chapter I — Employment (including migrant workers)	21
Chapter II — Vocational guidance and training	43
Chapter III — Industrial relations	57
Chapter IV — Working conditions and labour law	73
Chapter V — Wages, incomes and asset formation	87
Chapter VI — Housing	107
Chapter VII — Family affairs	119
Chapter VIII — Social welfare services	129
Chapter IX — Social security	139
Chapter X — Safety, hygiene and health protection at work	149
Chapter XI — Health protection	159
Summary of contents	167

The following currency abbreviations are being used in all language versions of the General Report and of the reports published in conjunction with it.

BFR = Belgische frank / Franc belge
DKR = Dansk krone
DM = Deutsche Mark
DR = Greek drachma
FF = Franc français
IRL = Irish pound
LIT = Lira italiana
LFR = Franc luxembourgeois
HFL = Nederlandse gulden (Hollandse florijn)
UKL = Pound sterling
EUA = European unit of account
USD = United States dollar

General and political introduction

General and political introduction

I. Activities of the institutions of the European Community in the social field in 1981

1. Throughout the year the Community institutions focused their efforts on the major social priorities outlined in the Commission's 1981 work programme, namely:

- (i) development of an economic and social strategy to counter unemployment;
- (ii) continuation of the programme of health and safety at work;
- (iii) review of social security problems;
- (iv) review of the rules governing the European Social Fund.

Employment problems were a topic of major concern for all Community bodies in the light of a rapidly deteriorating situation on the labour markets of all Member States, with the total number of registered unemployed rising from 8 million at the end of 1980 to more than 10 million at the end of 1981.

Employment policy

2. The joint meeting on 11 June of Ministers for Economic Affairs, Finance, Social Affairs and Employment, which followed a preparatory Council meeting of the Ministers for Employment and Social Affairs held the day before, concurred on the need for a common strategy to tackle the twin problems of unemployment and inflation.

Two sorts of measures were required to alleviate unemployment, notably structural unemployment: firstly, jobs should be created through a policy of selective investment, a more judicious allocation of public expenditure and a better organization of working time and, secondly, workers—particularly the young—should be more effectively prepared to satisfy the needs of the market, through a reappraisal of vocational training and education systems.

3. The Commission has stressed in a preparatory paper presented to the Council that it was vital to focus attention at Community level on strengthening concerted measures in the following fields:

- (i) Given the gravity of the problem of inflation and its economic and social ramifications, experience gained hitherto by Member States in this field should be drawn upon with a view to implementing a range of anti-inflation policies geared to fostering economic recovery.
- (ii) While pursuing rationalization measures in declining industries, the Community should place greater emphasis on fields with employment potential, notably those linked to energy and new technologies. There was a particular need for increased investment in these areas. The Community should also devote special attention to job creation in small businesses and the potential contribution to employment that different types of undertaking, especially cooperatives, could make by making the most of economic opportunities afforded at local level.
- (iii) Present methods of financing social security and other forms of social protection should be reassessed, seeking more general methods of financing that would guarantee a comparable degree of protection to workers without placing an excessive financial burden on employers. This would necessitate a more acute and thoroughgoing analysis of the impact of public expenditure on employment and growth.
- (iv) Encouragement should also be given to efforts to achieve greater flexibility in working time. In this connection, the Council is awaiting proposals from the Commission on part-time work, temporary work and phased retirement. In addition, greater use should be made in future of opportunities to achieve greater flexibility in annual hours of work and a reduction in overtime working.
- (v) Temporary educational, training and employment schemes should be launched to help all young people who have completed their compulsory schooling. General education and training policies should also enable workers and consumers alike to grasp the rudiments of the new information technologies and their implications. Community financing instruments should be created to help realize these objectives.

4. The meeting of the Standing Committee on Employment held on 19 May stressed the need to frame and implement, in the short term, a strategy for economic and social recovery.

Particular stress was placed on the following points:

- (i) the fight against inflation does not inevitably mean higher unemployment;
- (ii) economic growth depends on competitiveness and thus on a renewed propensity to invest;
- (iii) job creation depends partly on the pattern of public expenditure.

The Committee also encouraged the Commission to continue its consultations on the reorganization of working time and its deliberations on education and vocational training for both young people and adults.

5. On the reorganization of working time, the Commission sent two proposals to the Council in response to the latter's Resolution of 18 December 1979 on this subject:¹

- (i) a proposal for a directive on voluntary part-time work, which is aimed primarily at enhancing the protection afforded to part-time workers by establishing the principles of non-discrimination between part-time and full-time workers, proportional rights in the fields of pay and paid holidays, written employment contracts and priority in the allocation of vacant posts in a firm to part-time employees wishing to work full-time and full-time employees of the same firm wishing to work part-time;
- (ii) a draft Council recommendation on the principles of a Community policy with regard to retirement age, which urges the Member States to aim at a gradual introduction of flexible retirement arrangements and to review their retirement schemes within two years with this aim in view.

As for reducing annual working time and limiting systematic overtime working, the Commission and the two sides of industry are considering the possibility of resuming discussions on a joint Community strategy in accordance with the Council's mandate.

6. The Standing Committee on Employment met on 3 November to consider the impact of the introduction of new technologies on employment, working conditions, education and vocational training.²

The Committee recognized that the decision to introduce new technologies was largely dictated by events elsewhere since firms were compelled to adapt in order to maintain their competitiveness, retain or increase their share of world markets and safeguard existing jobs. The Committee stressed the need to make optimum use of the potential inherent in the new technologies for creating employment and improving job quality.

Workers with a higher level of skills were needed to cope with these new technologies and employees would therefore need access to appropriate training and retraining courses. Information about and experience of new technologies should be available in all areas of education and training.

¹ Bull. EC 12-1981, point 2.1.55.

² Bull. EC 11-1981, point 2.1.48.

The Committee noted that, besides leading to higher investment, lower consumer prices and a reduction in working time, changes in working conditions due to these technologies would make it possible to improve employees' working environment and job satisfaction.

The Committee called on the Commission to continue its study of the introduction of new technologies in order to establish principles for involving employees and their representatives in the process and urged it to table proposals on training and retraining, the social integration of disabled people, the enhancement of technical skills and job opportunities in small businesses.

The programme of health and safety at work

7. In the light of the framework Directive of 27 November 1980 on the protection of workers from harmful exposure to chemical, physical and biological agents at work,¹ which is based on the Council Resolution of 29 June 1978 on a Community action programme on safety and health at work,² the Commission made proposals for specific directives:

— proposal for a directive on the protection of workers from harmful exposure to lead.

This proposal was sent to the Council on 10 December after Parliament had delivered an opinion on it on 7 April. Detailed discussion of the proposal by the Council centred on projected levels of action and limit values and on the protection of female workers during pregnancy. It will be discussed again at the next meeting of Ministers for Employment and Social Affairs;

— proposal for a second directive on the protection of workers from risks connected with exposure to asbestos.

This proposal was endorsed by the Economic and Social Committee during its September session.³

8. The Mines Safety and Health Commission held two plenary meetings in 1981 at which it adopted, in accordance with the work programme on safety and health in mines, various proposals to governments relating to oil and gas extraction. In the mining sector, regulations were adopted on minimizing the risk of firedamp ignitions caused by winning and driving machines and on safety rules to be observed in the dumping, monitoring and withdrawal of tipped waste.

¹ OJ L 327, 3.12.1980.

² OJ C 165, 11.7.1978.

³ Bull. EC 9-1981, point 2.1.54.

Social protection

9. In addition to the draft recommendation on the principles of a Community policy with regard to retirement age,¹ the Commission transmitted to the Council and the other Community institutions a communication on medium-term projections of social expenditure and its financing.

The Commission's aim is to create a source of quantitative information on medium-term trends and an instrument to aid decision-making at national and Community level.

Accordingly the Commission proposes a four-year work programme to establish medium-term projections of social expenditure and its financing. The programme would comprise annual reports and in-depth analyses of urgent problems.

The annual reports will provide an overview of medium-term trends in social protection expenditure and receipts in the Member States, while the analyses will provide quantitative indicators of the medium and long-term effects of developments in Community social policy, including changes in social protection legislation in the Member States.

10. On 12 May the Council formally adopted the Regulation which it had approved in November 1980 extending to self-employed workers and members of their families the provisions of Regulation (EEC) No 1408/71 of 14 June 1971 on the application of social security schemes to employed persons and their families moving within the Community.

On 8 December the Council amended the implementing Regulation (EEC) No 574/72 of 21 March 1972, with effect from 1 July 1982.

Lastly, on 27 July the Council approved a text concerning the Community position on the implementation of social security provisions contained in the cooperation agreements with the Maghreb countries and the Additional Protocol to the agreement with Portugal.

Review of the rules governing the tasks and operation of the European Social Fund

11. Under the Council Decision of 1 February 1971 concerning the reform of the European Social Fund to the effect that the rules governing the European Social Fund should be reviewed before 31 December 1982 and, where appropriate, should be amended on the basis of a Commission opinion based on Article 126 of the

¹ Point 5.

Treaty of Rome, the Commission submitted to the European Social Fund Committee a working paper to serve as a basis for an initial exchange of views on the future shape of the Fund.

The first consultation took place on 29 January 1982 and gave the Commission an opportunity to reconsider its initial views and adapt them along the lines described in the second part of the introduction.¹

Living and working conditions

12. The priority accorded the four above-mentioned objectives in its 1981 work programme has not hampered the Commission in its efforts to bring about a 'constant improvement of the living and working conditions of the peoples', recognized in the preamble to the Treaty of Rome as one of the essential goals of the Community.

Among the various activities underway in the reference year, two are of special importance:

13. In the context of the International Year of Disabled Persons, the Commission pursued and expanded its action to promote the social integration of handicapped people.

In response to a Parliament resolution and an Economic and Social Committee opinion, the Commission forwarded to the Council a communication on the social integration of disabled people, proposing a new set of measures covering a broad area in respect of several aspects of social integration (employment, education and training, housing, transport, etc.) and a series of supporting activities at Community level.

On 8 December the Council approved this programme and adopted a resolution in which the Member States are urged to continue, and if possible intensify, their measures to promote the economic and social integration of disabled people, enabling them to make productive and creative contributions to society. The Commission is invited to launch a network of development actions selected to provide for the coordination of activities undertaken at local level, and to continue its efforts by further developing existing activities at Community level. The Commission is also urged to continue to promote pilot projects on the housing of disabled people, pool information and ensure its exchange between the services involved in framing and implementing social integration measures and disabled persons' representatives.

¹ Points 22 and 26.

14. On the basis of the conclusions of the Manchester Conference in May 1980 and in particular the Parliament Resolution of 11 February 1981 on the situation of women in the European Community, on 9 December the Commission adopted a new Community action programme on the promotion of equal opportunities for women (1982-85). The programme is intended to supplement Community legislation by positive action; it was prepared in conjunction with the Standing Liaison Group for Equal Opportunities.¹

It has two main themes: it sets out to achieve equal treatment by strengthening individual rights, and to achieve equal opportunity in practice mainly through a programme of positive action.

Attainment of the first objective presupposes the effective application of existing Community rules on equal treatment for men and women, the preparation of supplementary measures and lastly, the improvement of living and working conditions. Attainment of the second objective depends on better preparation of women for working life, both as regards basic education and further training; it calls for an improved quality of life and job enrichment, in particular through a change in attitudes.

Note should be taken of other activities relating to the improvement of living and working conditions below.

15. After lengthy discussion, on 24 June the Council approved a measure concerning the immediate future of the steel industry which, *inter alia*, includes action in the social sphere along the lines put forward by the Commission in 1979 in its communication on the social aspects of restructuring in the steel industry.² This decision by the Council has made it possible to enlarge the range of redeployment aids by introducing two temporary measures: early retirement (effective before end-1984) and short-time working (for the period up to 30 June 1982).

To finance these measures, the Commission requested an appropriation of 112 million ECU for 1981, which has now been granted by the Council. The Ministers undertook to examine requests by the Commission at the appropriate time and according to the appropriate procedures.

16. In December the Commission forwarded to the Council its report evaluating the first programme of pilot schemes and studies to combat poverty (1975-80).³ One of the main features of the programme is a series of pilot projects, research studies

¹ Bull. EC 2-1981, point 2.3.7.

² Social Report 1979, point 28.

³ Bull. EC 12-1981, point 2.1.60.

and national reports, the findings of which are being analysed.

According to the Commission's report, there are no less than 30 million poor in the Community, 'poor' being taken to mean those whose incomes are so low as to exclude them from the minimum standard of living acceptable in the country where they live.

The Commission urges the Member States to adopt appropriate measures to eliminate this scourge.

17. The Commission's work in the field of public health, which is being conducted in association with the World Health Organization and the Council of Europe, concentrated on health education—with special emphasis on smoking and nutrition—and problems connected with mutual medical assistance in the event of disasters, major accidents and exceptionally serious diseases. In response to Parliament's wishes, exploratory work was carried out on the prevention of drug abuse.

18. In implementation of the directive laying down basic safety standards for the protection of the health of workers and the general public against the dangers of ionizing radiation, the Commission delivered opinions under Article 33 of the Euratom Treaty on four draft national legislative measures. Steps were taken towards compiling a guide to the appropriate countermeasures in the event of a nuclear accident.

The proposal for a Council directive laying down basic standards for the protection of the health of workers and the general public against the dangers of microwave radiation was endorsed by Parliament and the Economic and Social Committee.

The Commission delivered opinions under Article 37 on a number of plans for the disposal of radioactive waste.

19. In connection with its activities to monitor the application of Community law, the Commission took the next step in the procedure for infringement of the Council Directive of 9 February 1976 on equal treatment for men and women initiated in 1980 under Article 169 of the EEC Treaty, and sent reasoned opinions to Belgium, France, Ireland, Italy, Luxembourg and the United Kingdom.

Infringement procedures were also initiated against certain Member States for incomplete application of the Directive of 10 February 1975 on equal pay. The Commission brought actions before the Court of Justice against Belgium and Luxembourg on 16 March, and the United Kingdom on 18 March.

II. Future activities of the Community in the social field

20. The outline programme for 1982-83 envisages that the Commission will pursue the employment strategy set out in its communication to the joint Council meeting on economic and social affairs in June 1981¹ and in 1982 will ask the two sides of industry and the various ministers concerned to join with it in assessing the work to be done and in seeing it through.

This strategy is essentially as follows:

- (i) In view of the gravity of the problem of inflation and its interaction with other economic and social factors there should be an appraisal of Member States' experience to date with a view to diversifying anti-inflation policies and directing them so that they will make the best possible contribution to economic recovery.
- (ii) New areas should be sought for employment growth, including the energy and new technology sectors, the accent being laid in particular on job creation via small and medium-sized businesses, cooperatives and other local initiatives. A number of priorities have already been communicated to the Council in the Commission paper on job creation.²
- (iii) There should be a review of the relationships between public expenditure and employment growth on the one hand and social security systems on the other.
- (iv) The possibilities of adjusting the annual volume of working time must be fully exploited, with allowance being made for the need to maintain the competitiveness of the Community.
- (v) Youth employment policy will introduce a 'social guarantee' for the first two years after compulsory education and stronger emphasis will be laid on direct job creation measures for young people between 19 and 25, the handicapped and the long-term unemployed.
- (vi) Talks with workers' and employers' representatives will keep up the constant search for a social consensus covering inflation, unemployment and incomes.

21. The Commission has already taken a number of initiatives with a view to the implementation of this strategy and preparatory work is underway on others. Working parties have, for example, been set up to study the links between inflation and unemployment and the relationship between public expenditure, social security financing and expansion of the volume of employment. Reports will be produced on these topics for discussion with the other Community institutions and the two sides of industry during the second half of 1982.

¹ Point 3.

² COM (82) 638.

22. With regard more particularly to the employment of young people, the Commission is of the opinion that—where the 18 to 25 age group is concerned—action needs to be taken to improve the job situation by means of wage subsidies to employers engaging workers on either a permanent or, in the case of community work projects, a temporary basis. Action should also be taken to promote the creation of jobs in small and medium-sized firms and cooperatives, to encourage projects which are either of an innovative nature or involve the introduction of new technologies and to foster the development of local initiatives: on this point, the Commission and the OECD have decided to collaborate on the preparation of an action programme for submission to the appropriate ministers. The Commission also intends to present a series of proposals to the Council in this connection during 1982.

In the context of the review of the European Social Fund, the Commission plans to propose that special forms of aid be created for young people between the ages of 16 and 18 and that provision be made for aid to promote the employment of young people in the 18 to 25 age group. A communication will also be presented to the Council setting out suggestions for measures to deal with the employment policy implications of the introduction of new technologies.

23. Finally, the Commission, the Directors-General for Employment and the Directors of Employment Services are jointly examining the question of 'forward-looking employment management' as an instrument for obtaining the best possible coordination between training provision and measures to encourage recruitment and job creation.

24. As regards the reorganization of working time, the proposal for a directive on part-time work and the recommendation concerning a flexible retirement age will be followed by a proposal for a directive on temporary work. In addition, the Commission is currently involved in consultations with the organizations representing employers and workers at Community level concerning ways and means of producing outline Community provisions with regard to the annual volume of work and the restriction of systematic recourse to overtime working. It is the Commission's intention to report to the Council on this matter during the second half of 1982.

25. In accordance with the mandate given by the Council on 9 June 1980—which calls in the context of vocational training and retraining for the revival of activities intended to promote a common vocational training policy, for action to adjust existing structures to new economic and social requirements and to workers' occupational aspirations and for the improvement of the links between general

education and vocational training—the Commission proposes in the course of 1982 to present a communication concerning vocational training and youth policy for the 1980s.

26. The need to review the operation of the Social Fund in 1982 will be the opportunity to make provision for increased Community intervention. The present effort to promote vocational training will nevertheless be continued. Similarly, attention will be paid to job mobility, in particular where there has been industrial restructuring as a result of Community decisions. The Social Fund may be given new tasks, depending on the development of the general employment situation.

Special efforts will be made to ensure that Fund resources are directed towards those areas where the need is greatest, i.e. regions with high levels of unemployment, including those affected by the decline of traditional manufacturing industries. Amongst the various categories of potential beneficiaries, priority will be given not only to unemployed young people, first job seekers, women seeking employment either for the first time or after a long break and the handicapped but also to other groups such as workers threatened with unemployment and the employees of small and medium-sized firms affected by the modernization of management techniques or the introduction of new technologies.

27. The Council having approved the medium-term programme for the social integration of disabled people, the Commission plans to step up its activities in this field, notably via the establishment in collaboration with the Member States of a network of locally-based development projects to serve as points of reference and demonstration models for policy development elsewhere and to foster the coordination of services for the disabled at local level.

28. Similarly, as soon as the Council has stated its position on the new Community action programme on the promotion of equal opportunities for women, the Commission will begin work with a view to the implementation of the various activities envisaged in this programme. Special emphasis will be laid on monitoring the application of the directives concerning equal treatment in respect of employment, training, promotion and working conditions. In this connection, the Commission plans to develop a network for contacts, exchanges and consultations at Community level via the Advisory Committee on Equal Opportunities.

The Commission will also consider, in consultation with the various bodies concerned, what improvements should be made to existing Community instruments. It is, for example, planned to put before the Council a proposal relating to occupational and other non-statutory social security schemes.

29. As far as social security *per se* is concerned, the Commission intends, once it has presented its memorandum on current problems, to hold full discussions with all the bodies concerned with a view to agreeing Community guidelines on this matter.

30. Steps will also need to be taken to improve provision for the health and safety of workers. The Commission hopes that the Ministers for Labour and Social Affairs will be able at their next meeting to approve the proposals for directives on the protection of workers from harmful exposure to lead and asbestos.

Further proposals for directives are currently being prepared and will be sent to the Council as soon as the preparatory discussions have been completed. The topics likely to be covered include maximum acceptable noise levels at the place of work and harmful exposure to other chemical, physical or biological agents.

31. Finally, in line with the ideas set out in the memorandum advocating 'a social dimension for Europe' presented by the French Minister for Labour at the Council meeting on 8 December 1981, the Commission intends to intensify and extend dialogue with and between the two sides of industry at Community level, to foster increased worker participation in firms and to ensure that workers' rights are more effectively safeguarded.

Priority in the intensification of dialogue at Community level should in the Commission's view be given to two topics: the implications of new technologies for industrial relations, particularly at the level of the major sectors of economic activity, and the specific measures to be taken in the social field at both Community and national level with a view to alleviating the effects of unemployment.

32. With regard to worker participation in firms, it is the Commission's hope that, following the delivery of a favourable opinion by the Economic and Social Committee in December 1981, the Council will see its way in the course of the year to approving the proposal for a directive on procedures for informing and consulting the employees of undertakings with complex structures, in particular transnational undertakings, presented in October 1980.

Social developments in 1981

Chapter I

Employment

(including migrant workers)

Trends within the Community

35. As compared with the previous year, 1981 saw a further decline in economic activity in the Community. This is borne out by the GDP, which fell slightly in comparison (-0.5%).

The slowdown in economic activity and the simultaneous increase in the labour supply led to a very marked rise in unemployment—around 30%—as compared with 1980. The rate of increase was noticeably higher than the Community average in the Federal Republic of Germany (43%), the Netherlands (55%), Luxembourg (43%) and the United Kingdom (52%). In absolute terms, there were more than 10 million registered unemployed at the end of the year.

This general increase in unemployment hit various sections of the population particularly hard, i.e. young people, women and increasingly also older workers. Among the young people it was above all young women who experienced difficulty in making the transition from school to working life and who had particularly high rates of unemployment. In several Member States more than half of all unemployed women were aged under 25.

36. These developments have aggravated the difficulties faced by the Member States' employment services in tackling the concentrations of hard-to-place job seekers which have formed. The number of job vacancies fell back again to its lowest level (-30% in one year). An active role played by the employment services and a reduction in qualitative imbalances on the labour market were not sufficient to overcome these difficulties. Greater efforts therefore had to be made to create additional jobs and to improve the distribution of employment opportunities.

The costs of unemployment and of the measures to combat it, combined with a decline in tax revenue, placed a considerable burden on public finances. Most of

the Member States therefore pursued economic policies of an essentially defensive, conservative nature and made a greater effort to exert a favourable influence on conditions affecting prices and competition. The programme of the French Government which came to power in May made particular provision for a substantial drive in the political and financial fields; it is expected to achieve significant results with regard to unemployment in the medium term at the earliest.

37. At Community level, the joint meeting of Ministers for Finance and Social Affairs on 11 June marked a step towards a constructive joint approach to the problem of simultaneously reducing inflation and unemployment. In particular, the Ministers recognized the need to step up investment and expand employment above all, in industries characterized by technological innovation and in the energy sector, agreeing at the same time to continue also to lay the emphasis on the creation of jobs at local level in small-scale businesses. Special attention was also given to the financial burden placed on employers by the present methods of financing social security and to the impact of public expenditure on employment and economic growth.

Recognizing the gravity of the problem of youth unemployment, the Commission proposed in the context of the foreword of the fifth medium-term economic programme that the necessary machinery and arrangements be set up over the next five years to guarantee all school-leavers access to either paid employment or vocational training or both. This programme objective, reiterated in the communication on priorities for Community action with regard to job creation, will be the guiding principle for future Commission proposals to the Council of Ministers.

Finally, current work on the thorny problem of reorganizing working time will continue with a view to meeting both the demand for more flexible and shorter work schedules and the industrial requirements of increased productivity and competitiveness.

38. Statistics available on immigration in the first nine months of 1981 suggest that, in relation to last year, most Member States experienced a significant decrease overall in the number of foreign workers entering to take up employment for the first time.

Looking at the figures for intra-Community migration alone, the slowdown which began as far back as 1974 can be seen to have continued during the year under review. Overall, however, the foreign population increased slightly because of family reunion and birth-rates generally higher than the national average.

Development of the situation in the member countries

Belgium

39. The recession continued in 1981 and was reflected in a progressive deterioration in the employment situation. The gross domestic product (GDP) declined by 1.4%, whereas it had risen by 2.4% in 1980. Private consumption fell off by 1.89% compared with 1980. A comparison of the first seven months of 1981 with the same period in 1980 showed that:

- (i) the National Statistics Institute (INS) index of industrial production fell by 3.9% excluding the building sector, or 6.8% when the latter is included, owing to a sharp decline in activity in this industry (-17.7%);
- (ii) investment fell by 5.8% at current prices and around 12% at constant prices; the fall was sharper in industrial (-8.4%) than in non-industrial (-3.2%) undertakings.

As a percentage of the working population, the unemployment rate rose from 9.1% in December 1980 to 10.2% in December 1981. At the end of December 1981 the total number of unemployed persons receiving benefits had reached 423 847, a rise of 46 766 or 12.4% compared with the end of December 1980. Altogether 189 890 men were unemployed, i.e. 37 560 (24.7%) more than a year earlier, and 233 957 women, i.e. a rise of 9 206 (4.1%). To illustrate the trends in greater detail, unemployment among men (7.3% in December 1981 as against 5.8% in 1980) increased at a much greater rate than among women (15.2% against 14.2% in 1980). The rate for women remains the highest, however. The geographical distribution of the total unemployed was as follows: Flanders (56.48%), Wallonia (33.10%) and Brussels (10.41%) on 31 December 1981. Unemployment rose to the greatest extent in the construction and service sectors. Government measures to combat unemployment covered 189 028 persons on 30 April 1981, of whom 118 867 were men and 70 161 women.

On 19 August 1981, a new plan to combat unemployment entered into force, the De Wulf 'transitional plan'.¹

This plan modifies and supplements the former anti-unemployment plan² as regards the system of work experience schemes for young people in firms and the 'special

¹ Royal Decree of 12 August 1981, *Moniteur Belge*, 19 August 1981.

² Spitaels Plan: Law of 22 December 1977, amended and extended by the Royal Decree of 8 December 1978 and extended until December 1981 by the Royal Decree of 24 December 1980.

temporary programme' (CST), and extends the system of 'special employment subsidies', introduced by the Royal Decree of 15 October 1979.¹

1. The work experience schemes² for young people under 30 who have not yet had a job are made more attractive by an increase in the temporary employment premiums (BFR 50 000 for six months' employment as compared with BFR 30 000 before; BFR 100 000 for twelve months' employment as compared with BFR 60 000). Firms with fewer than 50 employees are not obliged to take on trainees under these schemes, but receive subsidies where they do so voluntarily. Firms with more than 50 employees are obliged to take on a number corresponding to 2% of their work-force and receive subsidies only if they recruit more than this statutory minimum; the upper limit is fixed at 4% of the work-force.
2. A second change concerns workers benefiting from the 'special temporary programme' (CST). Under the former anti-unemployment plan, this measure allowed public sector employers and private non-profit-making organizations to recruit unemployed persons receiving benefits for tasks in the public interest, the State paying the whole of the workers' remuneration and social security contributions for one year (after one year, 75% for a maximum of 12 months). Henceforth there are short-term (maximum of 2 years) and long-term (maximum of 5 years) projects under the special temporary programme and the government contribution to wage costs is 95% in the first year, 80% in the second, 70% in the third, 60% in the fourth and 50% in the fifth. The special temporary programme may now be extended to private employers on condition that they provide work for at least 5 years for certain categories of unemployed persons, assigning them to tasks in the public interest; this scheme is known as the 'new employment programme' (NPE).
3. Finally, the 'transitional plan' also modifies the system of special employment subsidies introduced on 15 October 1979.¹ The aim of these subsidies is to ease the financial burden borne by private sector employers who take on certain specific categories of workers, provided that they have expanded their work-force and reduced the working week to 38 hours. These subsidies are paid yearly or quarterly, the amount being BFR 250 000 per worker per year. In the event of the recruitment of elderly or long-term unemployed workers, the subsidy is raised to BFR 300 000 per worker per year (new measure). This system of subsidies is mainly of interest to small and medium-sized undertakings in view of the fact that firms employing 500 workers or more can no longer benefit from them.

¹ *Moniteur Belge*, 23 October 1979. Extended by the Royal Decree of 24 December 1980; *Moniteur Belge*, 31 December 1980. Extended until 31 December 1982 by the Royal Decree of 12 August 1981.

² Royal Decree of 12 August 1981, repealing the Royal Decree of 8 December 1978.

All these measures are aimed mainly at unemployment among young people, long-term unemployment and unemployment among unskilled workers, both men and women. The government hopes that through this plan, 40 000 to 50 000 persons will be taken on by the end of 1982.

Apart from this plan, measures to encourage expansion—and thus employment—in firms in general and in small and medium-sized firms in particular were taken in February 1981;¹ they include fiscal measures, interest-rate subsidies, capital grants and accelerated depreciation. Aid was also granted to persons (or associations, partnerships, etc.) establishing themselves for the first time in a self-employed occupation, especially where those involved are under the age of 35.

To match vacancies and job seekers, the National Employment Office (ONEM) has gradually extended the 'self-service' vacancy clearance system (Job Service) to all local employment offices. It also continued to set up offices specializing in temporary work throughout the country (the 'T-Service') and took a number of additional measures: use of the SEDOC system, cooperation with radio and television in publicizing vacancies, employment grants.

40. The Law of 15 December 1980 on the status of foreigners entered into force on 1 July 1981; several implementing orders were also issued, particularly with regard to the operation of the foreigners' consultative committees and procedures in the event of appeals against repatriation or expulsion decisions. The main implementing order, which dates from 27 October, is designed to minimize the problem of legal insecurity. During the election campaign, most of the parties raised the immigration issue, the prevailing theme being the need for restrictions on numbers and additional controls.

After a very long debate, which began in 1966, in July the Higher House adopted the law laying down penalties for certain acts arising from racism or xenophobia (entry into force: 18 August 1981).

The number of foreign workers in Belgium was estimated at 333 000 (including 172 000 Community nationals) at the end of 1980.

Denmark

41. It is estimated that the GDP fell by 1.8% over 1980 while the deepening recession has accentuated the unemployment problem and brought about a qualitative change in the pattern of unemployment.

¹ Law of 10 February 1981 on measures to promote recovery in the small business sector.

The number of workers out of a job rose in December 1981 to 282 100, 33% up on 1980; in recent months the unemployment level has stabilized at about 9.3% of the working population, while the average length of unemployment has gone up.

The unemployment rate was higher for men than for women—a reversal of the situation prevailing between 1974 and 1980. The explanation for this is that industries with a predominantly male work-force (e.g. construction) have been particularly hard hit by the recession.

In March, the Danish Statistical Office published the first batch of register-based employment statistics covering the period 1976-79. They dovetail with other employment statistics and confirm that the main trend over the period under review was a very sharp rise in the employment level in the public sector, particularly in the *Kommuner* (districts), compared with a marginal increase in the private sector. The figures reveal that the total number of jobs increased by 6% between 1976 and 1979, whereas the number of jobs in the public sector alone rose by 18%. In addition, the activity rate for males between the ages of 15 and 74 held steady at 79% over this period, whilst the corresponding figure for females rose from 55% in 1976 to 59% in 1979.

The law on job offers for the long-term unemployed was amended with effect from 1 September. It extends the provisions on job offers for this category of unemployed contained in the Law of 1978 on placement services:¹ since 1978 all unemployed persons under the age of 60 belonging to an unemployment insurance scheme must be offered suitable employment for at least nine months after 18 months of unemployment at the latest. Since September 1981 young people under the age of 25 must receive such employment after one year on the unemployment register.

The government retraining subsidy was raised from DKR 20 to DKR 30 per hour and is granted to all statutory beneficiaries. The government and the districts each cover 10% of the wage costs of this programme, the balance being paid by local authorities in respect of public employees.

If no jobs are available in the private sector it is up to the district or county in which the job seeker resides to provide employment.

A study conducted in 1980 shows that 14 700 persons (of whom 70% were women) were entitled to an offer of employment: 75% of these persons actually received a job offer (only 10% of these came from the private sector); provisional studies indicate that the majority of job seekers hired under this scheme become unemployed again after working for the obligatory period of nine months.

¹ Social Report 1978, point 56.

42. At 1 January 1981 there were 48 153 foreign workers in Denmark (excluding Norwegian, Swedish, Finnish and Icelandic nationals), an increase of about 1 800 over 1980. Of this number some 15 000 were Community nationals.

For the first time foreign citizens (52 000 eligible persons) were entitled to vote in local and county elections. Two of them were elected on the Left Wing Socialist and Social Democrat party lists. This is just one example of the efforts being made to help integrate immigrants into Danish society. In addition, new measures were introduced which enable the State to grant subsidies to local authorities with high concentrations of migrant workers.

Federal Republic of Germany

43. The economic downturn that became evident half-way through 1980 continued in 1981. National output this year failed to match the growth of barely 2% in GDP for 1980. Economic trends were mixed, with an increase in exports and a decline in investment and private consumption.

The weakness of the domestic economy was reflected in the situation on the labour market. The average unemployment was thus 43% up on the previous year. The unemployment rate was 4.9% on average for the year.

A small increase in employment in the services sector was not enough to offset the loss of jobs in industry and construction since the beginning of the year—there was thus a decline in the overall employment level. The rise in unemployment was in part attributable to demographic trends. The entry into working life of young people born in high birth-rate years has not yet ended, while persons born in the low birth-rate years during the First World War are now reaching retirement age. In addition, a growing number of children of migrant workers and women not previously gainfully employed are now seeking jobs.

The overall unemployment figures conceal marked structural and regional disparities. The unemployment rate for men stood at 4.1% as against 2.7% in 1980, while the corresponding figures for women were 6.1% and 4.6% respectively. This latter figure was well above the average, but it should be noted that persons seeking part-time work (for the most part women) have been included in this figure. Unemployment among immigrants and older people continues to be above average. Regional unemployment rates ranged at the end of 1981 from 4.6% for Baden-Württemberg to 9.2% for Niedersachsen-Bremen.

The mounting employment problems in the Federal Republic were also reflected in the decline in job vacancies and the increase in short-time working. Vacancies dwindled quite considerably and fell in December 1981 to 118 000, the lowest level

in three decades. The number of placements was also correspondingly lower in 1981 at 1 622 000, i.e. 15% fewer than the previous year.

There was an appreciable increase in short-time working as a result of the recession. Over the year the employment offices paid short-time working allowance to 347 000 workers, twice as many as in the previous year. Short-time working was particularly prevalent in the engineering, electrical engineering and textile and clothing sectors.

Apart from the increased numbers out of work, in a period of continuing high unemployment labour market policy will have to focus on the problem of hard-core unemployment by monitoring the process by which jobless persons are selected from the pool of unemployed registered with the employment offices. A hard core of unemployment forms consisting of persons who cannot easily be placed, in particular older workers, job seekers with health problems and workers with lower qualifications: these form the principal target categories for labour market policy.

Discussion of labour market policy measures focused this year on efforts aimed at financial consolidation, but changes in the relevant laws will not come into effect until 1982. In view of the rising unemployment figures the demand by the trade unions in particular for additional measures to combat unemployment became increasingly urgent towards the end of the year. The Trade Union Federation put forward a detailed employment programme; in its annual report the Board of Experts for the Assessment of Overall Economic Trends together with many independent experts recommended measures to promote investment and employment. The central association for employers and industry rejected, however, traditional employment and economic programmes.

As early as May the government and the Reconstruction Loan Corporation presented an investment programme of DM 6 300 million to provide low-interest credit to small and medium-sized firms investing in energy and raw material savings and introducing new energy technologies.

In addition, measures aimed at providing further training and retraining and the general job creation measures promoted by the Federal Labour Office continued during the year, though it was decided to spread available funds over a longer period. A total of DM 850 million has been set aside this year for job creation measures as against DM 1 100 million in 1980.

Firms recruiting older workers will continue to receive subsidies towards wage costs and more funds will be set aside for this purpose.

Funds for the vocational integration of handicapped people will likewise be increased. The Federal Labour Office, as the most important promoter of the

vocational rehabilitation of the handicapped has spent a total of over DM 1 900 million this year.

The national programme of vocational preparation and social integration measures for young immigrants launched in the autumn will be further extended. It is aimed chiefly at young immigrants without a German school-leaving certificate or a training place. In addition to a vocational training allowance from the Federal Labour Office the young people receive tuition in German and in a variety of subjects ranging from metalworking to horticulture.

44. The presence of a large immigrant population in the Federal Republic continues to attract the attention of public opinion, the government and the *Länder*. Initiatives have been taken at administrative level and as regards provision of information with a view to fostering the integration of immigrants.

A draft law was tabled to increase the fines imposed on intermediaries in the 'black' labour market. Another draft law will make it easier for young immigrants in the 18-21 age group who have lived at least eight years in the country to acquire German nationality. This would give them voting rights, but also make them liable for military service. At the same time, an interministerial working party has proposed that children be allowed to join their parents only if they are under 16 and both parents are living in the Federal Republic—the basic aim here being to reduce immigration to a minimum in view of the persistent problem of unemployment and the difficulties encountered with regard to social, economic and cultural integration.

Although it is estimated that 75% of young immigrants entitled to take part in vocational training courses fail to avail themselves properly of this opportunity, there has been a slight increase in the number of participants in the recent past; government and firms have both taken steps to enable young people with no more than a rudimentary knowledge of German to participate in these courses and pilot schemes have been organized to enable young immigrants with language problems to be trained alongside young Germans.

At end March 1981, the total number of foreign workers in employment was 1 922 000, which represents an increase of 20 000 (1%) compared with end March 1980. The figure for workers from Community countries was 558 000 (including 125 000 Greeks).

Greece

45. In 1981 the state of the Greek economy deteriorated gradually with a deepening of the recession which began to take shape at the end of 1980. The GDP

which had risen by 6.4% in 1978 and 3.9% in 1979, grew by a mere 1.6% in 1980 and fell by 0.2% in 1981.

The uncertainty prevalent during the run-up to the elections affected economic activity, leading to a slowdown in investment. The economic situation in Greece, the tenth member of the European Community, is appropriately reflected in a very high rate of inflation (about 25%) and a deficit on current account in 1981.

According to official Greek statistics, the unemployment rate was approximately only 2% of the working population; but ILO, OECD and Community computations suggest that the figure should be at least 6%.

This disparity is due to the limited number of persons officially recorded on the unemployment registers of the OAED, the National Employment and Manpower Office: persons who have been registered as unemployed for more than five months are automatically removed from the register.

The arrangements give no picture of long-term unemployment or the number of jobless women, university graduates or graduates of other higher education establishments. Moreover, the unemployment registers give no indication of the number of job seekers entering the labour market for the first time.

In addition, the fact that military service in Greece is much longer than in other Member States gives a misleading picture of the real extent of unemployment. Finally, very few unemployed persons actually register with the OAED for psychological reasons, preferring to forego the modest benefit to which they would be entitled in favour of earning a living by performing odd jobs. This has given rise to the phenomenon of underemployment, with its adverse repercussions on the country's economy such as high production costs, a low level of competitiveness on the world market and inflationary pressure.

The year under review saw a significant political change in Greece with the advent to power of a Socialist government. The low official rate of unemployment has hitherto been used as an argument for the absence of any employment policy. The new government has already announced numerous measures intended to improve the functioning of the employment service and the compilation of statistics in this field as it would seem that the labour market had previously been increasingly unable to absorb surplus manpower, notably in certain regions and in respect of certain categories of employees, e.g. women, holders of secondary school-leaving certificates, university graduates and unskilled workers. This imbalance is not only due to the absence of systematic manpower planning, but also to the traditional education system and the inadequacies of vocational and technical training. Moreover, the lack of occupational and geographical mobility and regional inequalities in education has also had adverse effects.

Apart from the reorganization of the employment service, the new government has announced a number of measures to curb unemployment, notably:

- (i) special recruitment subsidies to cover 20-30% of the minimum wage of workers in the 18-30 age group for a period of six months;
- (ii) special aids for businesses facing bankruptcy and favourable credit terms for small and medium-sized firms;
- (iii) statutory reduction of the working week to 41 hours and general implementation of four weeks' annual leave.

46. Between 1960 and 1974 Greece was a country of net emigration with an annual outflow of 70 000 persons, a trend which led to a stagnation in the overall population and a distortion of the country's age structure. It was not until after 1975 that the trend was reversed with some 193 000 persons returning to Greece between 1968 and 1975—there are no figures available beyond 1977—and with the entry of large numbers of foreign workers, most of whom found work in the black economy. Only vague estimates have been made of the extent of illegal immigration, but its existence has led the government to consider administrative and legislative solutions to tackle the problem. The number of foreign workers legally residing in Greece was estimated at 28 628 (including 5 617 Community nationals) in 1980.

In the first quarter of 1981, a total of 25 177 immigrants were registered, many of whom were Turks (of Greek origin), Cypriots and technicians involved in establishing foreign companies in Greece.

France

47. The trends in the first half-year (10% drop in industrial production, fall in the employment level, pessimism, decline in consumption and investment) were reversed in the second half (forecast increases in industrial output due to reductions in stock levels). The upturn was reinforced by the economic measures taken by the new government.

Unemployment rose sharply in 1981 and passed the symbolic figure of two million, representing an increase of 23.4% over last year. However, the proportion of men in the total unemployed, which had risen sharply in the first half-year with a corresponding decline in the proportion of women (51% in June 1981 against 55% in June 1980), fell off in the second half; it nevertheless continues to rise but less rapidly.

The number of workers over 60 in receipt of income support allowances rose by 37% in one year, which demonstrates the greater vulnerability to unemployment of elderly workers.

As a cause of unemployment, cancellations of limited duration contracts (fixed term, temporary) accounted for 36.7% of all cases against 31.3% a year earlier.

There has been an appreciable change in the composition of the job-seeking population; unemployment among managerial staff is rising at an annual rate of 1%, while at the other end of the scale the corresponding figure for skilled workers is 48%.

There has been a slight fall in the average duration of registered unemployment, but under-25s wait longer for a job than in 1980; short-time working is well up, exceeding the 1975 figures.

The outlook remains sombre but might improve as a result of government measures to promote employment and a modest economic recovery. These are some of the many measures adopted:

- (i) Direct creation of jobs in the public or semi-public sector (55 000, some of which have already been filled).
- (ii) Increased support for the system of employment pacts, renamed the 'youth employment plan':

This system¹ has been changed to achieve two objectives: to stabilize youth unemployment by replacing offers of precarious employment by the offer of more stable jobs (by doubling the minimum period of employment to qualify for exemptions from social security contributions and the duration of employment/training contracts) and, secondly, to improve the quality of training and ensure that the most deprived benefit (choice of beneficiaries by the ANPE and individualized approach).

The aim is to recruit 650 000 people and the resources allocated to these measures have been upped from FF 4 to 6 000 million.

- (iii) In the area of work-sharing, the national protocol agreement of 17 July concluded by the two sides of industry recognized the principle of the statutory 39-hour week and a fifth week of holidays; several sectoral agreements were signed and an outline law on social measures generalized the terms of this protocol by means of orders.

'Solidarity agreements' were signed between the government, firms and local groups making a particular effort to create or release jobs.

The terms of these contracts can vary widely: job creation (compensation for a sharp reduction in working time), job preservation (early retirement or partial retirement for workers aged over 55) and recruitment incentives for certain types of unemployment benefits (exemption from contribution, bridging pensions, recruitment premiums).

¹ Social Report 1980, point 64.

(iv) In the area of cooperatives and similar associations, an interministerial delegation has been set up with a view to removing the obstacles to development in this sector of the economy which has considerable job creation potential.

48. Three laws adopted in the course of the year incorporate the principal measures concerning migrant workers:

- (i) on the employment of foreigners in an irregular situation, which provides for more severe penalties for employers and some protection for the workers themselves;
- (ii) on conditions of entry and residence for foreigners; under these provisions, powers in this area are vested in the judiciary rather than the authorities;
- (iii) guaranteeing foreigners freedom of association.

The new government has considerably amended the rules on expulsion decisions which, apart from special cases, can now only be handed down by a court. In addition, foreigners born in France or admitted before the age of 10 can no longer be subject to the expulsion procedure. On the basis of the principle that the campaign against unemployment did not imply the expulsion of immigrants, under certain conditions migrant workers in an irregular employment situation were offered the possibility of regularizing it. By the end of December, some 15 000 work permits had been issued under the arrangements. Finally, a circular of 25 November abolished repatriation grants.

The year under review saw a further decline in the number of permanent workers entering France from outside the Community—to around 800 per quarter, excluding permits granted under the regularization arrangements. In contrast, the number of dependants entering the country was of the order of 9 000 to 10 000 in each of the first three quarters. The number of permanent workers entering France from other Community countries has remained stable at around 8 000 per year since 1977.

Ireland

49. Unemployment continued to rise in 1981 but at a distinctly slower pace than in 1980. The number of registered unemployed went up by about 19 000 (15.5%) in 1981 against an increase of nearly 38% in 1980. At the end of December there were 141 000 registered unemployed—11.4% of the working population (10% in 1980). People under 25 years accounted for 28% of the total. The number of workers regularly on short-time work ranged from 9 400 in February to 3 700 in August.

Measures adopted by the government to create and safeguard jobs failed in their objective, which was to boost employment by 15 000 new jobs. Moreover, the job losses in the manufacturing industry were higher than forecast. A 20% increase in

real terms in the public investment programme over the year failed to affect the situation significantly.

The programme for 1980-86, the result of an agreement between the two political parties (Fine Gael and Labour) which formed a coalition government after the general elections in June, reaffirmed the priority assigned to the promotion and protection of employment. In the immediate future, it is proposed to set up a Youth Employment Agency to ensure close liaison between the various public bodies concerned with youth employment and training.

The effort to train manpower suitable for employment in industry continued under the aegis of AnCO (Industrial Training Authority). At the end of 1980, 21 498 apprentices and workers in retraining were enrolled for the various training courses offered by AnCO. During the year, AnCO began to implement a project providing for the gradual establishment of six new training centres with 1 864 additional places.

50. It is difficult to obtain reliable information on migration in the population of Ireland. Using census data, it is possible to make reasonable estimates of the level of net migration, but the related gross flows cannot be determined in the same way. These flows, inward and outward, are probably greater than the net migration level. The continuing flow of departures, mainly to the United Kingdom, but also to other Community countries, is being offset by a flow of former Irish emigrants (for the most part) who are returning to Ireland.

The number of work permits granted to non-Community workers between 1 November 1980 and 31 October 1981 amounts to 2 770; this means an increase of 426 in comparison with the same period in 1979/80.

Italy

51. The negative trends emerging towards the end of 1980 were gradually confirmed in 1981. With the fall-off in the growth rate of the Italian economy the employment situation worsened: in December 1981 the unemployment rate was 9.8%, representing a total of 2 187 100 registered unemployed (against 8.3%, that is 1 850 400, in December 1980). The overall activity rate remained the same (50.2% in October 1981) but the growth in the labour force was not counterbalanced by the absorption capacity of the economy: young first job seekers and male entrants to the labour market far outnumbered those who had lost their jobs and were looking for another. One very clear sign of the deterioration in the economic situation is the decline in the number of jobs in agriculture and industry—productive sectors in the strict sense of the word—which was not satisfactorily offset by the increase in the service sector. This impression is confirmed by changes in certain forms of employ-

ment, such as dual occupations or part-time work. In the case of the former, in mid-June numbers had fallen by 115 000, primarily due to a drop in the number of farmers and industrial workers exercising two occupations. There was an even sharper drop in the number working part-time (-182 000), mainly accounted for by women employed in the service sector who rejoined the ranks of previously employed job seekers.

With regard to the regions, the rise in unemployment was more keenly felt in the north than in the Mezzogiorno and the islands, which are already suffering from unemployment that is basically structural. Another sign of the progressive deterioration in the economic situation is the substantial rise in the benefits paid out by the Cassa Integrazione Guadagni (wage guarantee fund). The allowance paid to workers for the number of hours not worked by mid-year amounted to LIT 298 million against 135 million at the end of June 1980. In addition, the extraordinary benefit, granted in cases where a firm is in serious difficulties, covered payments in respect of 147.6 million hours not worked in the manufacturing sector (January-June 1981) against 63.4 million hours over the same period in 1980. The number of hours for which this benefit was granted rose by about 230% as against 343% in the case of the ordinary benefit (though for the latter the absolute level was lower: 98.7 million hours).

No new labour market policy measure was introduced in 1981. The law on the reform of the employment service passed the Chamber of Deputies and is now before the Senate.

Bargaining on pay by employers, trade unions and government became particularly acute at the year end on account of its likely repercussions on labour costs and the competitiveness of Italian industrial goods. The most thorny problem is that of the proposed reform of the system of wage indexing which is desired by some and hotly opposed by others.¹ In addition, the government has taken a clearer position than in the past on the question of public finance with the presentation to the Italian Parliament of the Financial Law of 30 September 1981. This law provides for several measures (reduction of the public debt, creation of an additional investment and employment fund, ceilings on public expenditure and total domestic credit) and is geared towards deflation and the gradual elimination of certain highly inflationary factors.

52. With respect to migration, a balance is gradually being achieved between departures and returns of Italian workers (about 85 000 per annum in each direction). It is also estimated that the immigration—generally on an irregular basis—of non-Community workers is slowing down. Nevertheless, the element of illicit

¹ Point 155.

employment, the concomitant absence of social security coverage and the loopholes existing in the law make it difficult to put this phenomenon into quantitative terms, except for a few studies of a regional nature.

At regional level, legislation on behalf of migrants is being introduced at a steady pace and nearly all the regions concerned have adopted rules relating in particular to certain aid measures to facilitate reintegration and the creation of advisory committees on migration (consulte).

Luxembourg

53. The Luxembourg economy was affected by the world recession and by the crisis in the iron and steel industry, a vital sector for the economy of the country. The GDP fell by 3.0% compared with 1980. Nevertheless, the total employment level remained stable: +0.4% over the year (average number employed in 1981 compared with the previous year). Despite continuing reductions in manpower in the iron and steel industry, overall employment in industry fell only slightly thanks to progress in other industrial sectors, especially new ventures. There was also some further recruitment in the building industry and, more particularly in the tertiary sector. The stagnation in the level of activity and measures to promote greater mobility among redundant iron and steel workers led to a reduction in the net inflow of labour and better allocation of the manpower resources available on the national labour market.

As regards the labour market, the influx of young job seekers raised the number of unemployed to 1 973 in December 1981 compared with 1 451 in December 1980. Young people under 25 account for a little over half of all job seekers. The number of unemployed persons receiving benefits was 1 082 in December 1981 as against 845 in December 1980, i.e. 54.8% of the total. In December 1981 429 workers were on short-time work as compared with 700 in December 1980.

The number of iron and steel workers assigned to the anti-crisis unit (DAC) was very high (3 601 in December 1981 against 3 578 in December 1980) due to their lack of mobility and the existence of underutilized production capacity. At the same time certain new industries were in difficulties for lack of skilled labour.

To deal with this rapid growth in the numbers assigned to the anti-crisis unit:

- (i) the iron and steel companies made use of the 'special projects in the public interest'¹ launched by the government in October 1980 for a period of one year. The number of workers assigned to these projects rose in 1981 (820 on average per month in the first half-year and 1 000 in the second). The risk that these

¹ Grand-Ducal Regulation of 30 September 1980, *Mémorial* (Official Gazette) 1980, A2, p. 1543.

projects will encroach on the normal spheres of activity of other industrial and craft undertakings nevertheless puts a limit on their expansion.

- (ii) The temporary re-employment allowance for iron and steel industry workers was revised to increase the inter-sectoral mobility of the labour force in the anti-crisis unit.

The changes involved were an extension of the period over which the allowance is paid from 18 to 24 months and a 5-point increase in the guaranteed wage rates for each half-year.

To ease strains in the labour market (too many workers in the anti-crisis unit and too few in the new industries), the iron and steel companies, with the agreement of the trade unions, took measures to encourage mobility in line with the conclusions of the Tripartite Coordinating Committee's opinion of 21 May 1981:

- (i) establishment of information centres located in iron and steel plants in collaboration with the employment services. Their task is to inform workers about new undertakings, the pay levels offered, working conditions, etc.;
- (ii) measures to encourage voluntary redundancy. These measures are particularly favourable for workers obtaining jobs in new industries.

Under a Grand-Ducal Regulation of 30 January 1981,¹ the age limit for entrants to the public service was raised from 30 to 35 years until 31 December 1981.

54. The desire to encourage the integration of immigrant communities in Luxembourg was reflected in the simplification of naturalization formalities and efforts to improve the operation of the consultative committees (a motion on this point was voted in the Chamber of Deputies on 6 March 1980) which enable foreigners to take part in the discussion of local problems. The National Council on Immigration drew up model statutes which were presented to the 118 municipalities in the Grand Duchy.

The total number of foreign workers employed as at 1 October 1980 was 51 900, 33 100 of whom were nationals of Community countries.

The Netherlands

55. The pessimistic forecasts made at the end of 1980—in particular by the Central Planning Bureau—were unfortunately proved correct in the course of 1981 and the result was that GDP fell by 1.1%. A number of negative factors combined to affect the country's economic activity: the uncertainty created by restructuring

¹ *Mémorial A*, No 6, 13 February 1981, p. 78.

requirements in certain sectors, the continuing decline in profit margins, the problems raised by the urgent need to restructure pay scales in the face of increased production costs and lastly, the indirect effects of the long government crisis which persisted until 11 September 1981.

The consequences of these economic uncertainties were seen in a sharp increase in unemployment, which in December 1981 exceeded the figure on the same date in 1980 by almost 47% (473 600 as against 322 400), reaching 9.1% of the working population as compared with 6.2% in 1980. At the same time the number of vacancies fell briefly (13 600 in December 1981) and the disparity between this figure and the number of registered unemployed gives a good idea of the magnitude of the employment crisis. The intensity of this phenomenon is also revealed by the fact that the rise in registered unemployment during the year was largely accounted for by male workers, which indicates that those holding permanent jobs are being affected to an ever greater extent.

The worst hit sector appears to be the building and construction industry, which accounts for around 20% of total unemployment. However, massive job losses were also recorded in the iron and steel industry, electronics and the automobile industry, while the increasing automation of port services is finally having its effect in the service sector.

From a geographical point of view, the areas most severely affected by unemployment are the North and Limburg. There is relatively high unemployment in Twente and in North Brabant and in the old districts of the major towns and cities. The government is endeavouring to improve the situation in these areas by means of carefully selected measures.

Faced with this situation, the new government formulated a job creation plan, which is, however, likely to be difficult to implement in view of the objections it has aroused. Details of this plan have not yet been published.

As regards labour market policy, the measures brought in at the end of 1980 were in full operation. This plan was based to a large extent on instruments already in existence, but introduced new measures to stimulate certain sectors—such as building and construction—more affected by the crisis than others. In addition, an attempt was made to establish a better balance between supply and demand on the labour market through improvements to vocational preparation and training systems accompanied by better information and guidance for job seekers.

It should be pointed out, however, that while the long government crisis made it difficult to take action exceeding the limits of routine administration, the resolutely anti-inflationary policy of the new government implies systematic cuts in public expenditure.

56. During the first nine months of 1981, 60 200 persons immigrated and 47 800 emigrated. This positive balance of 12 400 is only one third of that registered the previous year. The difference may be attributed above all to the noticeable reduction in entries by Surinamese nationals (-80%) and by Turkish nationals (-50%), who must have a visa in order to enter the Netherlands.

The number of Community nationals employed in the Netherlands is estimated at 57 000.

Anti-racism legislation was strengthened by the entry into force on 29 June of the Law amending Article 429c of the Penal Code. It should be noted that the law does not apply to positive discrimination resulting from measures aimed at eliminating *de facto* inequalities suffered by persons belonging to ethnic or cultural minorities.

United Kingdom

57. The success achieved by the government in its efforts to combat inflation (12% in 1981 as against 13% in 1980) must be weighed against a deterioration in the employment situation which reached alarming proportions in 1981. Of all Community countries, the United Kingdom had the greatest increase in unemployment both in absolute terms (+697 000 between December 1980 and December 1981) and as a percentage of the working population (+2.7%), the overall unemployment rate having risen from 8.6% at the end of December 1980 to 11.3% at the end of December 1981. On that date, the total number of jobless was 2 940 700 compared with 2 244 200 twelve months previously.

The sharp rise in unemployment, which led to a corresponding increase in public expenditure on unemployment benefit, resulted in a reduction in funds available for measures to stimulate economic activity.

Men were worst hit by the rise in unemployment and as a result women's share in the total declined (29.5% at the end of October 1981 as compared with 31.4% at the end of October 1980). Since the proportion of men under 25 had fallen since the end of 1980, it follows that male workers over 25 were predominantly affected (their share in total unemployment rose from 44.6% to 46.5% between October 1980 and October 1981).

Although the proportion of under 25s (men and women) was more or less stable (a slight reduction was recorded) from 1980 to 1981 (at the end of October 1981, 40.1% of the unemployed were under 25 compared with 41.4% at the end of October 1980), jobless young people (1 198 400 at the end of October 1981 including 282 700 aged under 18) are still the government's principal concern and most of the measures it took in 1981 to combat unemployment were aimed at this category.

The regions most severely affected by unemployment are Northern Ireland and the North of England, with unemployment rates of 19.5% and 15.9% respectively. In third place is Wales, with an unemployment rate of 15.7%.¹

It should be noted that because of the sharp increase in the number of unemployed in all regions, the differences between the employment situation in the north of the country and that in the south have become less marked. Scotland, which is traditionally a region of high unemployment, has for two years had a lower unemployment rate than some regions in the south. This development gives a clear illustration of the effects of the recession on the major manufacturing industries in the United Kingdom.

In 1981, the government continued to apply special anti-unemployment measures and adopted further measures which enter into force on 1 January 1982.

As part of a programme to combat unemployment among young people, it was decided in July 1981 to increase the number of places available in the Youth Opportunities Programme from 440 000 to 550 000 for 1981. Funds were also made available to encourage young people of school-leaving age to continue their studies. However, the mainstay of the government's youth employment programme is the Young Workers Scheme. This plan, which is to enter into force on 1 January 1982, provides for the payment of a subsidy over 12 months for firms employing young people under the age of 18 who are earning less than UKL 45 per week.

The government also decided to replace the Special Temporary Employment Programme from 1 April 1981 by the Community Enterprise Programme, which has a wider scope in that it covers the whole country (the previous scheme applied only to the worst-hit regions), while the minimum age for eligibility for the scheme has been lowered from 19 to 18. This scheme is intended to provide temporary employment for the longer-term unemployed through projects in the public interest.

The age limit for eligibility for the Job Release Scheme was reduced from 64 to 63 on 1 November 1981 and will be reduced to 62 from February 1982. The total number of persons benefiting from this series of measures was 550 000 at the end of December 1981.

58. The British Nationality Act became law in November 1981 and is planned to come into force on 1 January 1983. This law may be seen as completing the new rules governing since March 1980 the control of immigration into the United Kingdom and the controls to be exercised after entry.²

¹ The figures in this paragraph are those for September 1981.

² Social Report 1980, point 75.

The Act creates three classes of British citizenship:

- (i) British citizenship;
- (ii) citizenship of British dependent territories;
- (iii) British overseas citizenship.

Only British citizens will have an automatic right of entry into the United Kingdom and, consequently, the right of free movement within the Community. The rules for the transmission of nationality will be altered. Instead of the traditional 700-year-old rule of *jus soli*, by which every child born in the United Kingdom was automatically British, transmission of nationality will in future depend on the status of the child's parents at the time of the child's birth.

During the year, social tension, arising from a variety of causes and marked by riots, focused attention on the problems of ethnic minorities. The Scarman Report, published in November, proposes a number of measures for the future.

Chapter II

Vocational guidance and training

Trends within the Community

60. The unemployment problems mentioned in last year's report became increasingly acute in 1981 and as a consequence the demands for improved and expanded facilities for vocational guidance and training became more insistent in all Member States.

61. Since the poor employment outlook is likely to persist in the medium term at least, the Commission — after consultation with the Advisory Committee on Vocational Training — devoted much of its resources to the preparation of an integrated medium-term development plan for vocational training. The aims of this plan include improvement of Community action in various fields:

- (i) the establishment of a Community-wide scheme of linked work and training for young people between 16 and 18 who have no other opportunities;
- (ii) the expansion of continuing education and training opportunities for adults;
- (iii) measures to improve the skills of instructors; and
- (iv) the development of extensive policies for the promotion of education and training at national level.

62. The linked work and training programme established by resolution of the Council at the end of 1979 was pursued throughout the year under review and preparations were made for the assessment of progress in the Member States with a view to drafting the report to be presented to the Council before the end of 1982.

Close cooperation with the European Centre for the Development of Vocational Training continued and discussions were held with the Centre regarding the development of a triennial programme of work with variable targets related to the priorities established by the Commission.

In view of the growing number of member and applicant countries which have large rural areas, the Commission put in hand a series of studies on the human resource development needs of the countries. At the end of the year, plans were already being made for a seminar to be held in Italy in 1982 for the purpose of discussing the results of these studies.

63. The Commission expects a significant decline in the number of training places in the mid-1980s due to the smaller numbers of young people reaching working age at that time. This does not, however, mean that the need for improvements in vocational training provision will be any the less.

Indeed, the pace of technical, economic and social change is such as to suggest that, to an even greater extent than at present, the quality of vocational training will in future be measured in terms of the extent to which, as well as providing broad, vocational qualifications, it fosters flexibility and mobility. It is therefore desirable that all concerned should continue in the coming years to intensify their efforts with a view to ensuring in so far as possible that all young people receive skilled training designed to ensure their long-term occupational and social integration.

Development of the situation in the member countries

Belgium

64. The grave unemployment problems facing the country remained at the centre of attention during the year under review. The vocational training system has helped to alleviate the situation by adapting to changed circumstances through constant updating of curricula and methods.

The new structures divided along regional and linguistic lines¹ have now begun to meet the particular requirements of the individual regions.

Special programmes using training and education methods more appropriate to—and hence more acceptable in—the individual regions were introduced during the report period with a view to meeting the need for remedial and upgrading courses. A particular effort was also made to persuade those most vulnerable to changes on the labour market to undertake training for skilled occupations.

¹ Social Report 1980, point 80.

65. There is a time-lag in the publication of the ONEM (National Employment Office) figures for vocational training (which relate to ONEM-assisted training). The latest figures available date from July 1981.

In that month, a total of 6 581 people were undergoing training in ONEM centres, 676 in centres set up with the support of firms and 149 in approved private centres.

66. Again taking the figures for July 1981, 377 people were attending courses at the CNFEP (National Training and Educational Studies Centre) and a total of 1 001 were training on an individual basis.

Except in the case of centres supported by private firms, more than two thirds of trainees are unemployed people.

During the first half of 1981, the total number of people completing training (excluding CNFEP trainees) was 14 053 and of these 10 079 were unemployed.

A draft law on industrial apprenticeship contracts is still under discussion.

Denmark

67. With unemployment still giving cause for concern the Minister for Labour issued a memorandum on 3 February detailing the initiatives the government planned to take to counter unemployment and reduce the pressure on the country's vocational training system in the light of the acute shortage of training places for young people in particular. In 1981, some 43 000 young people applied for a place on a basic vocational training course (EFG) although no more than 36 000 places were available. At the beginning of the year more than one third of the young people who completed EFG training the previous summer (24 000 in all) had still not been accepted as a trainee or apprentice. Hardest hit were young women and students from the commercial schools.

As a result of the adoption of the measures set out in the Minister's memorandum, an additional 10 000 permanent training places became available compared with 1980 at basic, higher (commercial and technical colleges) and specialized levels (notably further training of skilled workers).

In addition, the government concluded agreements with the two sides of industry and the local authorities on the creation in 1981 of an additional 3 to 4 000 traineeships and apprenticeships in the public sector and about 7 000 in the private sector. The Danish Employers' Union (DA) conducted an extensive campaign among its members and a central body—the Apprenticeship and Traineeship Committee—was set up to coordinate its efforts.

68. An interim report on progress made in the scheme set up in the district of Århus (Jutland) in August 1980 designed to provide vocational training leading to a qualification or employment for young unemployed people was published in June 1981. It emerged from the report that of the 2 000 people eligible to benefit from the scheme 1 500 applied to join it and 1 000 were placed either in a project (460), in a job (380), on a training course for skilled workers (78) or in a vocational or other training course (25).

69. The 1980 report on vocational guidance and training gave rise to a new outline law which was adopted on 1 September 1981. It provides for the creation of a Vocational Guidance and Training Council whose task it will be to submit proposals on harmonizing the vocational guidance and training system and monitoring the progress of guidance schemes at local and regional level. The Council will consist of representatives of the Ministry of Education, the Ministry of Labour, the local authorities, agricultural associations, a number of labour market organizations, the Joint Council of Vocational Training and Guidance Associations, the Joint Youth Council and the National Council of Danish Women.

Federal Republic of Germany

70. At the beginning of 1981, the number of young people following vocational training courses in industry reached 1.7 million,¹ including 38% girls, the highest figure since the end of the war. In spite of the unfavourable economic situation it proved possible to strike a balance between supply and demand as regards training places within industry. However, training problems continued to affect specific groups and certain regions, in particular in relation to young women, young people without adequate educational qualifications and the children of foreign workers in general.

Once again in 1981 the Federal and the *Land* authorities organized a number of vocational preparation and training measures for these groups.

Nevertheless, no short-term answers emerged to the problem of how to provide all young people with appropriate training; while according to the Federal Ministry of Education the number of school-leavers is due to rise once again in 1982, the number of training places reported as becoming available in the final months of the review year has fallen. It is now accepted that industry can only meet its training obligations in 1982/83 if it again makes available at least the number of places offered in 1980.

¹ Social Report 1980, point 86.

71. In spite of a number of 'pilot projects to promote the training of young foreigners in recognized occupations' the vocational training opportunities for foreigners aged between 15 and 18 continued to be relatively poor during the year under review: according to the Federal Government's vocational training report only one in five young foreigners obtained a training place.

Three out of every four young foreigners neither receive vocational training nor continue with their education beyond compulsory school-leaving age. Only about 57% of young foreigners aged between 15 and 18 comply with their obligation to attend school.

Between now and 1985/86 the Federal authorities are to make available some DM 13.8 million for measures in this area.

72. Between now and 1984 DM 300 million are to be used to ensure that all categories of disadvantaged young people who failed to obtain a training place following vocational preparation measures, are able to learn a trade. During an initial year in a joint training centre these young people will make up the gaps in their education and receive help with the theory underlying their chosen trade with a view to enabling them to continue their training within a firm. If these efforts are unsuccessful training will be continued in a joint workshop until its conclusion.

Under an initial pilot project launched in October 1980, and using a large number of instructors, just on 600 young people were trained in the year under review, a third of them foreigners. Further programmes of this kind are planned for 3 000 young people.

73. Efforts to provide more handicapped young people with training in a recognized occupation continued in the period under review.

Special training provision is made for those young people who because of the nature and severity of their handicap are unable to be trained in a recognized occupation. In order to guarantee the quality and comparability of vocational training measures of this kind further studies were organized and recommendations drawn up applying to the country as a whole.

Handicapped young people who cannot be trained within firms have at their disposal vocational training establishments organized in the same way as the joint training centres. At the present time there are 24 such establishments with 7 000 training places available. In 1982/83 12 more are to be opened offering about 3 000 training places.

Greece

74. Greece is relatively poorly provided with vocational training facilities and lags some way behind the other Member States in terms of the balance between technical and general education.

Law No 3971/59 established three training levels, the third and highest being that provided in the higher technical and vocational training centres (KATEE). Generally speaking, these centres correspond to polytechnics in the United Kingdom and university technical institutes in France.

Since the overthrow of the dictatorship in 1974 the government has embarked on a wide-ranging reform of education and training. The main stages were set out in Law No 309/76 which raised the period of compulsory schooling from six to nine years. The following year, Law No 576/77 abolished the primary technical schools, gave a new look to technical secondary education and decided on the establishment of five new advanced technical and vocational training centres (KATEE). The reform introduced under these two laws was implemented in the 1980/81 school year. In 1970-76, the numbers enrolled in lower technical secondary schools amounted to a quarter of the numbers enrolled in general secondary schools: thus in 1981/82 there were 660 791 pupils attending general secondary schools compared with 76 581 in technical secondary schools. In the same period there were 24 764 pupils enrolled in lower technical education. It is hoped that the ratio will become more favourable in the future, particularly with respect to advanced technical education in the 1980s, the target being 60 000 pupils by the end of the decade.

75. In addition to education in schools, the National Employment and Manpower Office (OAED) has organized two types of vocational training courses since 1959—one for 14 to 18-year-olds and the other for adult unemployed workers.

In 1981/82, 3 700 new pupils were enrolled, bringing the number of young people in technical education to 9 200.

Adult training courses, which last from 40 to 200 days, have given no more than a slight boost to vocational retraining.

Some banks provide continuing education opportunities for their staff but such training is not recognized by law.

76. No new guidance and training measures were adopted in 1981.

France

77. Until May 1981, vocational training policy followed the line laid down by the previous government.

Since then the new government has gradually been developing its own vocational training priorities. First impressions and initial measures tend to confirm that the government views vocational training as an essential arm in its efforts to overcome employment problems.

The creation of a Ministry of Vocational Training demonstrates the government's desire to widen vocational training and continuous education policy. It further shows that efforts are being made to re-establish concertation at various levels. The Ministry's tasks include the formulation of a major reform, although this does not rule out partial improvements in the shorter term: accordingly a special measure has been introduced making a 40% increase in the original appropriations for young people's training courses and other operations.

Another objective of the proposed reform is to provide young people with the skills needed to find employment and also to allow workers in employment to improve their skills or take up another occupation. In other words, the ultimate aim is to enable people to adapt continuously to changing technology, in particular by reinforcing the general cultural level.

78. The appointment in May 1981 of Mr Bertrand Schwartz, a non-political figure, to carry out an investigation into the occupational and social integration of young people was in itself significant.

In September Mr Schwartz presented a report to the Economic and Social Council and the Standing Committee of the National Council for Vocational Training. This report contains proposals on the reform of the education system. The measures proposed are structural and designed to replace the short-term economic measures taken under the employment pacts. The main aim is to ensure that all 16 to 18-year-olds obtain a qualification (200 000 young people with no solid grounding are in a precarious situation) and to facilitate the occupational integration of people aged 18-21.

This report contains several key ideas:

- (i) training for everyone; by 1983, at the latest, it should be impossible for any young person in France to leave school without having the chance to begin vocational training;
- (ii) training should be satisfying; the desire for qualifications is regarded as one of the surest ways of preventing unemployment;
- (iii) training should be tailored to the individual and correspond to each young person's wishes and potential, which can be achieved by specially designed training/work-experience schemes.

The government is studying the proposals in the report and will take appropriate action after concertation with all the circles concerned.

Ireland

79. Responsibility for vocational training in Ireland rests with AnCO, the National Training Authority set up under the provisions of the 1967 Industrial Training Act. In 1981, about 18 300 people received training under the auspices of AnCO, of which 13 600 young people and adults were trained in AnCO training centres, representing an increase of over 10% on the number trained in 1980. AnCO aims to have 6 000 training places by the end of 1984.

About 25% of AnCO's trainees were women, of whom nearly 700 were trained in skills traditionally regarded as male. 240 women took part in AnCO's management training schemes, representing 35% of the participants.

80. Particular efforts were made in 1981 to improve the employment prospects of young people. The number of apprentices registered with AnCO in 1981 totalled 19 500 and about 80% of all people trained by AnCO were under 25 years. Special provisions were made to cater for those whose apprenticeships were temporarily disrupted through factory closures or lay-offs. AnCO's Community youth training programme continued to supplement existing training programmes by offering opportunities for some young unemployed people under 20 years of age without previous work experience to acquire basic industrial skills by undertaking community projects. The work-experience programme administered by the National Manpower Service and the Temporary Grants Scheme for youth employment operated by the Department of Education also helped young people, particularly those in the 18-20 age group, to gain practical experience of working life.

81. Significant innovations were made in the methods and techniques of vocational training in 1981. In certain training courses in non-manual skills, AnCO has used a highly participative and interactive approach with great success to help trainees to project themselves more positively, and the new 'in-company projects' with modular courses enabling trainees to put the knowledge acquired in the training modules to practical use within the enterprise have also shown considerable promise. AnCO has experimented with the organization of training programmes for those wishing to set up their own businesses. The feasibility of distance, or 'open' learning is also under investigation. Thanks to the combined efforts of AnCO, the Department of Education and the Department of the Environment, significant progress was made in 1981 towards developing courses to meet the special training needs of the children of itinerant families and those in other socially disadvantaged groups, particularly in inner city areas.

82. In the field of adult education and training, a National Advisory Body was established, as announced by the Minister for Education in September 1981, with the task of helping in the preparation of a national development plan for adult and continuing education.

The International Year of the Disabled saw handicapped persons trained for 'open' employment in AnCO training centres and the establishment of a number of special vocational training centres, financed jointly by the Department of Health and the Department of Education, to train moderately handicapped school-leavers for 'open' employment in simulated work situations and to prepare others for productive work in a sheltered environment.

Italy

83. In the difficult social context in Italy an effort has been made to work out a common strategy for the transition of young people to working life.

Three proposals for laws on educational and vocational guidance have been put forward by the National Economic and Labour Council, the Christian Democrat party and the Socialist party. In addition, the government has put forward a proposal for a law on apprenticeship and training/work-experience contracts. At the same time after prolonged discussion a parliamentary committee has approved an outline law on the reform of the employment services which will have to go through a similar process in the Upper House.

These measures are evidence of a significant change in attitude towards the problem of youth unemployment which is no longer regarded as an incidental problem that will be resolved sooner or later, but as a symptom of a deep-rooted imbalance in Italian society. The plan to revise simultaneously all the institutional instruments concerning the transition from school to work is further evidence of a change in attitude.

The constant changes and fluctuations associated with fundamental political instability have prevented any real progress in the implementation of these proposals.

84. Young people are showing greater interest in this type of training as shown by the 16.5% increase in enrolments in vocational training centres in 1980 compared with the previous year. This figure is all the more striking as there was no change in the number of lower secondary school-leavers in the period concerned. This represents a reversal of trends in previous years for, apart from local situations where demand was unsatisfied for lack of facilities, on the whole the number of enrolments had fallen off considerably.

The State vocational training institutes recorded a 3% increase in enrolments in 1980—much slighter than in the case of vocational training centres.

85. Cost estimates for regional vocational training activities can be derived from the budgets for 10 regions in the north and centre-south.¹ The figure of LIT 316 400 million represents about 53% of total budget expenditure. It does not include the salaries of teachers coming under the regional authorities nor expenditure on projects to implement Law No 285 on youth employment. Allowing for a subsequent shortfall which is usually in the region of over 15%, it may be concluded that total expenditure by the regions on vocational training will exceed LIT 1 000 000 million in 1981. This confirms the somewhat erratic trend towards a steady increase in financial commitments in recent years. It should be pointed out that the estimated expenditure for previous commitments—deriving from the implementation of Law No 285—is accompanied by a more than proportional increase in expenditure on traditional activities and other training schemes leading to employment and the provision of more advanced skills for people already in employment.

Luxembourg

86. The government adopted the Grand-Ducal Regulation of 30 January 1981 on training/work-experience schemes in the building and public works sectors.

This regulation has replaced the traditional apprenticeship system in this sector with training/work-experience schemes consisting of formal training organized in blocks of varying length in training centres (in winter) and periods of on-site training, over three years.

87. In extending the Belgo-Luxembourg Economic Union for a further 10 years from 6 March 1982, the two governments in question agreed to 'organize jointly a permanent system for cooperation on vocational guidance and training for French-speaking Belgians and Luxembourgers'. A joint committee was set up to this end with the task of:

- (i) presenting proposals as soon as possible on the form this system would take, and how it would be set up and operated;
- (ii) making a general study of the problems encountered by nationals of one country undergoing training in an establishment in the other;

¹ Lombardia, Veneto, Liguria, Emilia-Romagna, Toscana, Umbria, Marche, Lazio, Abruzzo and Campania.

- (iii) promoting exchanges of instructors, drawing up proposals with regard to the equivalence of formal qualifications and encouraging the development of training in data-processing techniques;
- (iv) working out the practical details of setting up a joint system of vocational training for French-speaking Belgians and Luxembourgers.

The Netherlands

88. In March 1981 a draft law was presented to the Second Chamber extending the aims and structures of intermediate-level training in social services, health, home economics and related sectors, thus replacing existing intermediate-level training in these sectors (middelbaar huishoud- en nijverheidsonderwijs and middelbaar sociaal pedagogisch onderwijs) by a new system (middelbaar diensten-, gezondheids- en nijverheidsonderwijs) (for new entrants to courses).

89. The policy plan on the education of cultural minorities sets out how the government aims to approach education for minority groups, foreign workers and their families, residents originating from Suriname, the Netherlands Antilles, or the Molucca Islands, refugees, gypsies, caravan dwellers, etc. About 600 000 people belong to these minority groups (around 4% of the total population of the Netherlands).

90. A note on adult education (1981) aims to establish a common basis for government policy in this area in accordance with the general principle of continuous education. The note provides a framework for the further development of adult education.

91. Five new experiments began:

- (i) special training projects for women (five training schemes for fitters, cabinet makers, assembly line workers, painters and electricians);
- (ii) courses for unemployed young people (to combat unemployment among young people aged between 16 and 23 by means of short full-time courses linked to the apprenticeship training schools);
- (iii) vocational training for adults who have had little education and/or whose position on the employment market is weak (these courses are held as part of the apprenticeship system or with a view to switching occupations);
- (iv) centres for contacts between education and industry (this is a provisional three-year trial to establish the form that these centres will finally take);

- (v) cultural minorities in higher technical education (five schools for social work are examining what methods and techniques exist and/or have to be developed to prepare all students at such schools for working with members of cultural minorities).

92. The Directorate-General for Employment Services, part of the Ministry of Social Affairs and Employment, received from the European Social Fund almost HFL 1 million for the training of women aged 25 and over for technical occupations in the building and metalworking industries.

The Minister for Social Affairs set aside HFL 25 million for the placement of trainees in the building industry, which according to the employers' organizations in the ailing building sector is far too little to ensure an adequate supply of skilled building workers for the future.

The number of courses given by the *Gemeenschappelijk Begeleidings Instituut voor Ondernemingsraden* (Advisory Institute for Works Councils) continues to increase. In 1982 it is expected that 2 000 members of such councils will follow courses at one of the institutes subsidized by the GBIO.

United Kingdom

93. There has been a substantial rise in unemployment, which has led to the introduction of government schemes to help the young unemployed.¹ A major programme has been announced—the Youth Training Scheme (YTS)—envisaging the expenditure of UKL 1 000 million per annum to cut youth unemployment and to guarantee every 16-year-old leaving school in 1982-83 either access to a job, further education, or a place on the Youth Opportunities Programme.

94. The United Kingdom industrial training system is currently undergoing large-scale changes. The economic recession has placed great pressure on company training schemes, and there has been a substantial fall in the intake of trainees. At the same time the government has been reviewing the system of training through the 24 Industrial Training Boards.

95. The most significant developments in these fields were as follows:

Community Enterprise Programme (CEP)

This replaced, from 1 April 1981, the Special Temporary Employment Programme (STEP). It operates nationwide and more than doubles the number of people covered. It is open to those aged between 18 and 24 who have been

¹ Point 57.

unemployed for more than six months, and to those aged over 25 who have been unemployed for more than 12 months.

Employment and Training Act

This new act became law on 31 July 1981, and provides for the Employment Secretary to set up, abolish or change the scope of Industrial Boards without a Manpower Services Commission recommendation, and enables boards to finance their operating expenses by a levy on employers, instead of from public funds through the Department of Employment. It also allows for the abolition of the Training Services Agency (TSA).

The government favours voluntary training systems rather than statutory boards, and announced on 16 November that it had decided to retain the six Industrial Training Boards for hotels and catering, clothing and allied products, construction, engineering, road transport, and rubber and plastic processing. An additional board will serve the petroleum industry (offshore sector). The government proposes the abolition of all the other boards, thus reducing the number of boards from 23 to 7, plus the Agricultural Training Board, which is the responsibility of the Minister for Agriculture. The winding-up process should be completed by April 1983.

New training initiative

A sharp decline in the number of trainees and in the number of new apprenticeships in craft and technician skills has been recorded. A government White Paper suggests that the apprenticeship system which is outdated and unsuited to modern needs should be replaced by a system which enables all young people under 18 to continue in full-time education, enter training, or undertake a period of planned work experience combining work-related training and education. The same White Paper 'A new training initiative' advocates increasing opportunities for adults to acquire, increase or update their skills and knowledge.

Training programme for school-leavers

On 15 December a new training programme was announced, which will guarantee a year's training to young people leaving school at age 16 who are unable to find jobs. A training allowance of UKL 750 will be paid to each young person during that year. The scheme will gradually replace the Youth Opportunities Programme. 100 000 training places are planned for 1982/83, and the scheme should be fully operational by autumn 1983.

Chapter III

Industrial relations

Trends within the Community

96. The European employers' and workers' organizations were consulted a number of times at Community level on the various aspects of Community social policy.

Consultation with the two sides of industry at European level was particularly close in the context of preparations for meetings of the Standing Committee on Employment, Commission activities in connection with the reorganization of working time, work-sharing and the new technologies, evaluation of the results of the joint meeting of Ministers for Finance and Social Affairs held in June and consideration of the action to be taken following on this meeting.

The Commission made special efforts to revive dialogue with the two sides of industry on the reorganization of working time and work-sharing¹ —more specifically on the questions of annual hours of work and overtime working.

Both the renewal of tripartite discussions and the Commission's desire to bring about the adoption of specific measures to shorten working time met with approval from the ETUC (European Trade Union Confederation), and the UNICE (Union of Industries of the European Community) also reacted positively to the Commission's proposals for discussions. The employers, however, wanted to tackle the problem of working hours in its general economic context. Accordingly, the UNICE reaffirmed its opposition, primarily on grounds connected with the need to maintain and improve the competitive capacity of firms, to the union demand for the introduction of a 35-hour week without any reduction in wage levels.

The closer Community involvement of employer and trade union representatives has become increasingly important in view of the Community-wide nature of the social and employment problems currently encountered in many sectors.

¹ Social Report 1980, point 108.

The difficult economic and industrial climate and its social impact on specific sectors has been a particular cause for concern during the year, especially in hard-hit sectors such as steel, automobiles, textiles and clothing, shipbuilding and fishing. Close contacts have been maintained with the representatives of such industries in order to study the problems that these sectors have to face. In the steel sector, for instance, a special programme to assist the early retirement of steel workers in the upper age group was approved by the Council,¹ while in the fishing industry a social programme for fishermen was approved by the Commission.

Contacts have also been maintained and developed with representatives from sectors which are covered by Community measures and where progress can be made in improving social conditions generally—examples being the extension of the Community-wide employer/trade-union agreement on working hours in arable farming and the pursuit of social harmonization in the various transport sectors.

97. The economic situation and its repercussions for workers, particularly as regards employment, continued to be the main topic of concern for both sides of industry.

The European Trade Union Confederation (ETUC) took the meeting of the European Council in Maastricht on 23 and 24 March as an opportunity to call for the implementation of a concerted action programme to promote economic recovery and combat unemployment by means of a range of measures including action to create jobs, reduce working time and increase aid to developing countries. The ETUC welcomed both the results of the joint meeting of Ministers for Finance and Social Affairs in Luxembourg on 11 June and, more especially, the fact that the conclusions of the meeting of the European Council held in Luxembourg on 19 and 30 June accorded the same degree of priority to the fight against unemployment as to the reduction of inflationary tensions.

With regard to wages policy, the ETUC strongly criticized the Commission's communication to the Council on the principles of indexation in the Community, arguing that Community institutions were not competent to lay down rules on this matter in the present economic and social context and expressing regret that the Confederation had had no opportunity to give an opinion, not having been consulted at any stage.

98. The problems raised by the development of multinationals and in particular the implications for the terms of employment and working conditions of workers in the companies concerned, continued to be one of the main topics of discussion.

¹ Point 15.

In the course of the period under review, whilst the proposal for a directive on procedures for informing and consulting the employees of undertakings with complex structures, in particular transnational undertakings,¹ was being considered by the various committees concerned within Parliament and the Economic and Social Committee, a substantial number of European and international organizations including the ETUC, the CEEP and UNICE made known their views on this Commission proposal.²

Whilst recognizing the value of dialogue between employers and workers, the UNICE argued that the proposed instrument was neither necessary nor indeed desirable, since procedures for informing and consulting workers were already in operation and these existing procedures took due account of differing national situations. To impose a rigid system of information and consultation procedures would in the UNICE's view be to disregard both historical, economic and social developments, and important facets of industrial relations and business management. The employers' organization felt that the proposal misinterpreted the responsibilities of company managers, would be liable to weaken the authority of local management and represented a threat to the competitive capacity of firms operating in the Community.

The European Centre of Public Enterprises (CEEP) argued that public sector undertakings had a number of special obligations and should not come within the scope of the proposed directive. Since the decentralization of decision-making was one of the goals of large public sector undertakings, consultation procedures had been introduced so as to enable management and worker representatives to discuss the major questions affecting their undertakings within the framework of joint committees. The CEEP felt that the Commission proposal failed to make adequate allowance for these existing arrangements. It might therefore damage industrial relations and lead to a paralysis of vital business decisions. Public sector undertakings in the Community would consequently be handicapped at a time when international competition was particularly intense.

The ETUC, in contrast, welcomed the proposal by the Commission of a binding legal instrument designed to ensure that the employees of complex undertakings—and more especially of multinationals—were properly informed and consulted. This Commission initiative was in the ETUC's view a valuable contribution to tackling the growing problem of the activities of multinational groups and one which had become necessary to supplement the voluntary codes of conduct adopted by the OECD and the ILO. The workers' organization regarded the proposed instrument as the logical sequel to the efforts already undertaken by the

¹ OJ C 297, 15.11.1980, p. 3.

² Social Report 1980, point 112.

Community with a view to improving the transparency of the activities of undertakings and felt that it could help to promote the democratization of social and economic life in the Member States.

Development of the situation in the member countries

99. In *Belgium*, industrial relations over the period under review were marked by difficulties in obtaining a consensus between the two sides of industry on an overall policy for reviving the economy and protecting employment in the face of the crisis. In addition, the functioning of the social consultation machinery was interrupted by the dissolution of Parliament and the consequent need for new elections.

The tripartite multi-sector consultations on industrial policy, the plan to stimulate employment and the government's draft budget for 1982 came to naught. Moreover, the trade unions' initial reactions to the albeit vague policy guidelines of the new government, formed in mid-December, were negative, since they called for, among other things, measures to moderate wage costs and, in particular, temporary changes to the present wage indexation system. On the other hand, the consultations on the restructuring of branches of the economy severely affected by the crisis met with success.

The most significant favourable event was the conclusion on 13 February of a multi-sectoral agreement¹ between the employers' and employees' central bodies: it regulates wages,² extends the collective agreements concluded before 1 January 1981 by 12 months, makes it possible under certain conditions to negotiate a reduction in working hours to an average of 38 hours per week³ and includes a clause guaranteeing social peace for two years. A Royal Decree issued on 14 February made this agreement generally binding. As regards working hours, the new government will attempt to reach an agreement with the two sides of industry on a programme for a rapid reduction in working time, so that additional workers can be taken on.

With respect to collective agreements, the National Labour Council delivered a unanimous opinion in favour of raising the minimum guaranteed wage in two steps. The Labour Council approved collective agreements regarding overtime and consultations within the works council in the event that the firm has recourse to part-time working.

¹ Social Report 1980, point 113.

² Point 147.

³ Point 123.

Agreements reached in various forms at undertaking level provided for reductions in the social security or tax burdens of undertakings or, less frequently, cuts in wages in return for guaranteed employment.

Recognition by the two sides of industry of the problems arising from the introduction of new technologies was a favourable development. The two large trade unions are seeking a multi-sector agreement which would lay down the conditions for the introduction of new technologies.

100. In *Denmark*, the national trade union and employers' organizations (LO and DA) agreed on a revised Main Agreement.¹ The major innovation in the Main Agreement is that it will be possible to oblige employers to re-employ a worker who has been unfairly dismissed. Previously such a worker would have been entitled to financial compensation awarded by a Redundancy Commission; under the new agreement, Redundancy Commissions will be able to declare the redundancy notice invalid and compel an employer to withdraw it. Financial compensation can still be awarded if re-employment is not feasible.

Negotiations on collective agreements (expiring in spring 1981) took place without the intervention of the public authorities for the most part, in contrast with previous experiences (in 1975, 1977 and 1979). In the private sector these negotiations took place at local level.

There were some exceptions to the relatively smooth negotiating process. A conflict in the country's abattoirs was only settled by legislative intervention renewing the existing agreements, and in the engraving industry a long conflict continued. The rejection of an agreement by the Federation of Young Doctors sparked off work stoppages by doctors, their main grievance being the organization of work in the new agreement.

Important agreements were concluded between the LO and DA on the problem of the introduction of new technology.² It is a framework agreement designed to complement the existing agreement in the cooperation committee. It underlines a positive approach to the introduction of new technologies.

A similar agreement was worked out between the State and various employee representative bodies, and is aimed at enabling workers to participate in decisions regarding new technologies. The public sector agreement is considered more comprehensive and clear on the introduction of new technologies than the DA/LO one.

¹ Social Report 1980, point 114.

² Point 124.

In 1980 the number of working days lost as a result of industrial disputes came to 186 700 (173 000 in 1979), while during 1981 the number of illegal work stoppages in firms belonging to the DA dropped sharply to about 650 (around half the number in 1980). This could partly be explained by the negotiations of collective agreements without public intervention.

101. In the *Federal Republic of Germany*, there were no major industrial disputes in 1981. During the protracted pay negotiations in the metalworking industry, the IG Metall union resorted increasingly to token strikes. At the end of the negotiations, the employers, prompted by these tactics, sought a ruling from the Labour Courts on the legality of token strikes. It appears that so far five of 15 actions brought by the employers have been dismissed by courts of first instance. It is expected that a final ruling will be sought from the Supreme Court.

The trade unions had withdrawn from the institutionalized dialogue on economic and social policy ('concerted action') following an action brought by the employers in respect of worker co-determination and they continued to boycott the dialogue even after the case had been settled. Nevertheless, talks between the government and the two sides of industry have continued in the form of top-level discussions involving a limited number of participants. A solution to the country's economic difficulties and the resultant budgetary problems will hinge to a considerable extent on the ability and willingness of the two sides of industry to achieve a degree of consensus.

In its new policy programme adopted at a special conference in Düsseldorf in the spring of 1981, the DGB (Trade Union Federation) outlined an approach that was essentially unchanged from past policy. In the latter half of the year, relations between the trade unions and the SPD/FDP coalition government became strained over deliberations on the budget. The unions took the view that workers were being made to bear the brunt of the Federal Government's public expenditure cuts and urged the government to launch an employment programme to boost the economy. However, the Liberals (FDP), who are partners in the coalition, were strongly opposed to this idea.

The employers were also unhappy with the outcome of the budget deliberations as they felt that the planned public expenditure cutbacks, which affected social policy in particular, did not go far enough. In addition, they were disappointed about the refusal to cut unemployment benefit and assistance.

102. In *Greece*, in comparison with previous years, industrial relations have gone through an exceptionally peaceful period. This was mainly due to the downward trend of the economic situation, which resulted in growing unemployment and the uncertainty which reigned as to the date and outcome of the general elections.

Furthermore, after widespread industrial disputes, mainly in the public sector during the winter of 1980, most collective bargaining procedures on major wage and salary increases had already been concluded.

Except for the prolonged strike action undertaken by the technical personnel of Olympic Airways, industrial disputes were of short duration and work stoppages of two or three hours were more common than in previous years.

By the beginning of September, increasing pressure was exercised upon the government by some categories of employees in the public sector for the acceptance of their particular sectoral demands. This pressure, customarily observed before a general election, resulted in strike action in the case of certain groups.

The uncertain outcome of the general elections in October incited a large number of trade unions to hold their statutory congresses before that date. Many of them were marked by growing opposition to the established trade union leadership.

The general elections of 18 October allowed the Panhellenic Socialist Movement (PASOK) to form the new government. It will undoubtedly influence the future development of industrial relations in Greece.

103. In France, the election of a new president and the appointment of a new government reflecting a comfortable left-wing majority in the National Assembly led to changes in economic and social policy and a new climate for industrial relations.

On the economic policy front, the government adopted social measures such as increases in the minimum industrial wage (SMIC)¹ and in a number of social benefits² such as family and housing allowances, with a view to stimulating productive activity by enhancing the purchasing power of low-income groups.

In addition, with a view to improving relations and initiating direct negotiations between the two sides of industry on problems falling within their purview, the government adopted a series of measures designed to alter the climate of industrial relations. These included an amnesty for workers against whom disciplinary action had been taken, reinstatement of employees' representatives dismissed for an infringement committed while carrying out their duties, new guidelines in respect of migrant workers,³ nationalization measures and their implications for the representation of workers on company boards,⁴ fiscal measures and steps to combat fraud, an attempt to stimulate economic recovery by means of budget measures

¹ Point 152.

² Points 163, 189, 203.

³ Point 48.

⁴ Point 111.

and, in particular, a wide spectrum of direct and indirect measures to boost employment.¹

Against this new background, the most important development on the collective bargaining front was without doubt the resumption of negotiations on hours of work,² which led to the adoption on 17 July 1981 of an agreement in principle. Negotiations were started in turn in most sectors, and more than 20 agreements had been signed by the end of the year.

After the summer holidays, a number of minor disputes broke out in various public and private sector firms and industries. These concerned issues such as redundancies, safeguarding of jobs, wages and working conditions, a reduction in working time and the reorganization of work schedules.

Whilst the trade union movement as a whole reacted positively to these government measures, the unions continued none the less to fulfil their critical role, to stress differences of opinion between themselves and the government, to complain about the occasional lack of consultation on decision-making and to safeguard the interests of workers through their independent action. As regards relations with the *patronat* (employers' organization), the unions felt that there was some room for manoeuvre, for example in the multi-industry negotiations on the reduction in working time. On the other hand, they felt that the situation varied from one industry to another and that there had been no significant change in industrial relations at the level of the individual firm.

104. In *Ireland*, the first half of 1981 showed a fall in the level of industrial disputes, around 130 000 working days having been lost for this reason; sectors affected included insurance, transport and telecommunications.

The Commission of Inquiry on Industrial Relations (established in May 1978)³ presented its report to the Minister in July; it was published in October.

105. In *Italy*, it was a year of significant political, social and economic vicissitudes.

A long political crisis culminated, in July, in the constitution of the first post-war government to be headed by a member of one of the lay parties. Marked by considerable tension, especially in the south, the social situation was characterized by growing unemployment and temporary, though at times prolonged, layoffs.

¹ Social Report 1980, point 116.

² Point 127.

³ Social Report 1978, point 113.

Against this difficult and disquieting background, labour relations were also affected by the particularly unstable political scene, making it impossible to reach any positive conclusion in the debate on ways and means of overcoming the economic crisis.

At the same time the trade union movement experienced worsening difficulties. The stalemate reached in the process of unifying the federations had various repercussions within the movement itself, especially as regards the creation of a 'solidarity' fund¹ and problems of wage reform. It also gave rise to a lively debate between the sectoral federations and the three associated confederations (CGIL-CISL-UIL) as to how the trade unions should define their wage policies.

Problems concerning wages also played an important part in discussions between the two sides of industry, revitalizing such debates at confederal level.²

The government's initiative in renewing the dialogue between the two sides along the broader lines of anti-inflationary measures had the effect of defusing the situation. The trade unions reached an agreement keeping the indexation of wages in line with a planned inflation ceiling set by the government at 16% for 1982.

Against this background, action by the public authorities in the economic policy area was lacking in structural measures and failed to respond adequately to labour market requirements. This was partly due to the divergent approaches adopted by the two sides of industry, despite the fact that considerable efforts had been made to seek their agreement.

With regard to collective bargaining, although this was not a year of intensive negotiations—in only a few categories were collective agreements actually renewed—the private sector went through a particularly difficult period. This was especially true of the transport and services sectors, which were the scene of sharp clashes brought about by disputes (e.g. in air transport and the tourist industry) eventually settled in October.

Two collective agreements renewed in the course of the year contained significant innovations: employees of private sector oil companies obtained a four-year agreement with wage negotiation every year, alternately at national and at undertaking level, while the telephone workers' agreement introduced flexi-time and part-time work schedules on a trial basis.

Bargaining at undertaking level in the motor vehicle, iron and steel, shipbuilding, food and chemicals sectors gave rise to some fairly significant developments, due

¹ Social Report 1980, point 167.

² Point 155.

to the fact that negotiations at this level are particularly well-suited to dealing with the needs arising from technological advances.

A number of other agreements related to technological developments were reached in the fields of environment and work organization.¹

In the public sector, the trade unions revised their earlier position and asked that greater weight be given to seniority in determining pay scales at all negotiating levels involved in the renewal of the three-year agreements for each of the various categories, which expired in 1978. Agreements concluded in the following sectors were of note: school staff, valid for the three-year period 1979-81; public service employees, valid for the same period; the new three-year contract for employees of the State monopolies; and the three-year agreement governing conditions of employment for post, telegraph and telephone employees.

Since almost all national agreements for individual categories in both the public and private sectors become due for renewal in 1982, affecting about 13 million workers in all, the trade unions are at present formulating their demands which will probably—at the outcome of the discussions—focus on the following points: preservation of the real purchasing power of wages and salaries and the containment of labour costs (a first step towards the 35-hour week), maintenance of wage differentials and the easing-up of present pay levelling.

106. In Luxembourg, industrial relations faced problems arising from the crisis in the iron and steel industry, the increase in the rate of inflation, particularly during the first half of the year, and the worsening employment situation. Consultations between the government and the two sides of industry, particularly within the existing bodies (Economic Committee, Economic and Social Council and the Tripartite Coordinating Committee), continued to play an essential role.

As regards the iron and steel industry, an agreement reached between the parties concerned provided, among other things, for investments to modernize production structures. As regards industrial relations, employers and workers in the industry agreed to negotiate and conclude separate collective agreements for wage earners and salaried staff, valid until 31 December 1983, with a view to reducing the numbers in the anti-crisis unit and promoting the voluntary mobility of industry workers—especially towards new firms to be set up in the south of the country—and moderating wage increases² in return for abandoning short-time working.

On the collective bargaining front, the general economic situation produced a marked slowdown as regards increases in collectively agreed wages. Nevertheless,

¹ Point 129.

² Point 156.

some 25 collective agreements were concluded or renewed for wage earners and about 10 for salaried staff.

107. In the *Netherlands*, in contrast to the situation in 1980, no general government measures were taken affecting wages and other working conditions. A Decree on introducing a measure of wage restraint,¹ which entered into force on 27 December 1980 and expired on 31 December 1981, concerned reduction in index-linked wage increases and cuts in holiday bonuses. The two sides of industry were free to negotiate other aspects of working conditions on the understanding that the government has the power to intervene in individual collective agreements should any agreements between the parties lead to an increase in wage costs beyond the percentage figure sought by the government. There was no occasion to make use of this possibility.

In a number of sectors the unions endeavoured to persuade employers to use the amounts saved under the decree to maintain and create jobs.

Both the trade unions and the employers' organizations are of the opinion that the negotiation of working conditions should be left to the two sides of industry. Among other things they point out that the Netherlands has ratified various international agreements establishing collective bargaining rights.

In spite of differences between the initial positions adopted by employers and workers, an important agreement was reached in the Labour Foundation on consultation on employment matters. Although the two sides could not agree on a general recommendation to negotiating parties on a reduction in working hours, it will be possible to discuss this matter in collective negotiations.

As a result of the elections of 26 May for the Lower House and the fact that the government was acting until November in a caretaker capacity it was still not clear what policy would be followed as regards working conditions. For different reasons, the new government's provisional plans on employment and public sector cuts met with a mainly negative response from the two sides of industry.

108. In the *United Kingdom*, after a relatively calm start to the year in the private sector in terms of industrial disputes (largely due to the high levels of unemployment and concern over job security rather than pay levels), a number of strikes took place in the autumn, notably at British Leyland (ostensibly over working hours, but reflecting a widespread dissatisfaction with industrial relations generally in the firm), and in the oil distribution sector. Other disputes have taken the form of factory occupations, mainly against redundancies, especially in engineering and shipbuilding. In the public sector unofficial strikes took place in February in coal

¹ Point 157.

mines in response to pit closure plans (subsequently shelved), and strike action in the water industry secured a pay settlement above government guidelines. Civil servants were involved in a protracted dispute over a 7% pay offer and over the decision to abolish the system of pay research designed to reduce wage disparities between the Civil Service and private sector pay.

Relations between the TUC and government have been largely governed by the unemployment situation (the TUC backing several initiatives to publicize the plight of the unemployed), and government intentions regarding trade union legislation.¹

The CBI was anxious to lower the level of pay settlements in the autumn, and therefore supported the government's own intentions in this respect. It also supported the government on its proposals for trade union reform. However, at the CBI conference in November there were indications of some shift in traditional CBI views over the type of mixed economy desired and the level of government regulation needed.

The number of working days lost due to industrial action during the year came to 4.2 million (compared to 11 million in 1980 and 29.5 million in 1979).

Employee representation

109. In *Belgium*, the statement made to Parliament by the new government formed following the autumn elections gives notice of its intention to introduce worker representation on the statutory management or supervisory bodies of firms.

In addition, at the request of the relevant ministers, the National Labour Council and the Central Economic Council delivered opinions on the Commission's proposal for a directive on procedures for informing and consulting the employees of undertakings with complex structures, in particular transnational undertakings. These opinions reflect the divergent views of the two sides of industry on both the need for and content of a directive.

A joint request for an opinion on the subject of introducing a 'social balance sheet' to be prepared by firms² has also been brought before the National Labour Council and the Central Economic Council. This new measure would supplement the provision already in place regarding the economic and financial information to be supplied to works councils.

110. In *Greece*, a national collective agreement signed on 12 May, provided for the creation of health and safety committees, on a parity basis in the manufacturing,

¹ Point 142.

² Social Report 1980, point 122.

electricity and mining sectors. This agreement applies to firms employing more than 500 employees. In smaller enterprises, occupying between 30 and 500 employees, such committees can be established on the initiative of the employer.

The new government has announced that it will propose legislation on the creation of works councils.

111. In France, the draft Nationalization Law laid down that workers will be represented on the boards of newly-nationalized companies on an equal footing with management and any participants not connected with the undertaking.

At the instigation of the Minister for Labour, the government adopted a report on workers' rights designed to afford full rights to employees at their workplace and enable them to have a hand in effecting changes in their firm. The report advanced a number of proposals—relevant draft laws were tabled at the end of the year—which focused on four key areas:

- (i) restructuring and extending workers' rights (in particular, a draft outline law laid down the principle of negotiations on arrangements enabling workers to express their views on their conditions of employment);
- (ii) establishment of greater equity in the world of work (review of the status of part-time workers and home-workers, reappraisal of subcontracting, reform of the law on contracts of fixed duration, restrictions on employers' freedom to engage temporary workers and offer temporary assignments);
- (iii) consolidation of worker representation (in particular, representation in small and medium-sized firms, greater provision of business information to the works council, creation of group works councils, setting-up of a committee on business matters (*délégation économique*) in firms with more than 1 000 workers;
- (iv) reform of the collective bargaining system: in particular, reform and extension of the role of the Commission on Collective Agreements (*commission supérieure des conventions collectives*), a more flexible mediation procedure, legal obligation on the employer and the trade unions represented in the firm to negotiate wages and hours of work annually.

The trade unions made it clear that, apart from a number of minor misgivings, they were broadly satisfied with the government's overall approach and views, even though they felt that certain proposals did not take sufficient account of their demands. The employers, for their part, felt that the conclusions contained in the report represented a departure from current practice and feared that their adoption would have an adverse effect on employment, since most of the measures

recommended would be likely to prevent active cooperation between the two sides of industry.

112. In Ireland, worker directors have been elected to the board of Aer Lingus (State airline) under the Worker Participation (State Enterprises) Act 1977. All seven public enterprises designated by the Act now have worker directors, and the whole scheme is being monitored by the European Foundation for the Improvement of Living and Working Conditions, in conjunction with the Irish Productivity Centre. The final report on the operation is expected by mid-1982.

The Department of Labour is currently working on legislative proposals to extend the principle of worker representation to the boards of additional State enterprises, a commitment contained in the 1980 National Understanding.

113. In Italy, as the 1982 bargaining round approaches, workers' organizations intend to assert their right to information under the system provided for in sectoral collective agreements through procedures bringing the two sides together to discuss matters such as restructuring and conversion measures, investment, the introduction of technological innovations, decentralizing and reintegration of firms and services, their location, and manufacture and services carried out elsewhere or subcontracted.

Moreover, since the laws in force do not recognize trade union rights in firms with fewer than 16 employees, a campaign is currently being waged to obtain signatures for a draft law, to be introduced on public petition, concerning individual dismissals and trade union activity in such firms.

114. In the Netherlands, worker participation was given a considerable boost with the adoption by Parliament of a draft law which lays down rules on worker participation in firms with fewer than 100 employees.¹ The threshold for the compulsory establishment of a works council has been lowered from 100 to 35 workers. The powers of the works council in small firms are less extensive than those laid down by law for works councils in firms with more than 100 employees. Special rules on worker participation apply to firms with between 10 and 35 employees; the main effect of these is that the employer must meet his work-force at least twice a year to discuss past and future policy. This law will probably not enter into force until next year on account of the required implementing decrees.

While the left-wing parties in Parliament and the trade unions felt that the new law did not go far enough, the employers' organizations are particularly disappointed at Parliament's decision to adopt it.

¹ Social Report 1980, point 129.

The government asked the Economic and Social Council for an opinion on the draft EEC directive on procedures for informing and consulting the employees of undertakings with complex structures, in particular transnational undertakings. An advisory body within the Ministry of Justice, the Commission on Company Law, has already brought out a very critical report maintaining in particular that the draft is incoherent.

Trade union unification

115. In the *Netherlands*, the General Federation of Trade Unions (NVV) and the Catholic Trade Union Federation (NKV) dissolved themselves at the merger congress of the Federation of Dutch Trade Unions (FNV) on 30 September.¹ From 1 January 1982, only the FNV, which has been functioning for the last six years as a federation of the two central union organizations, will continue to operate. In spite of a certain fall in membership in recent years, the FNV now has more than a million members.

From 1982, the Catholic Teachers Union will be affiliated to the Christian National Federation of Trade Unions (CNV), which is not part of the FNV, bringing total CNV membership to around 350 000.

¹ Social Report 1980, point 132.

Chapter IV

Working conditions and labour law

Trends within the Community

Working conditions

121. Legislative activity as regards working conditions and terms of employment was relatively limited in the Member States in 1981. Unemployment, which has assumed grave proportions in all the Member States, caused national authorities to focus attention on two problem areas, namely the question of working time and difficulties involved in adapting to the introduction of new technologies. These questions are likewise reflected in the activities of the Commission and the European Foundation for the Improvement of Living and Working Conditions. The promise in the 1980 Social Report that the Foundation would take account of these matters in its programme¹ was followed by the incorporation of a number of appropriate research projects.

122. The pace and type of reductions in working time varied from Member State to Member State. Whereas some Member States concentrated on reducing the working week, others aimed at increasing holiday entitlements or introducing earlier retirement. The common factor in all these moves is the hope of achieving positive effects on employment by reducing working time.

Among the approaches tried are measures to encourage part-time work, including sectors where part-time work was hitherto largely excluded, for example the public service sector. The trend towards substituting improved conditions of employment for wage increases thus continued in the past year.

¹ Social Report 1980, point 134.

Labour law

123. The economic crisis currently plaguing the Community has not been without its effect on the development of labour law. The legal provisions, regulations and administrative arrangements adopted in this field by the Member States were aimed mainly at improving the situation of certain less fortunate groups of workers and at strengthening the legal protection of workers and the defence of their interests.

Development of the situation in the member countries

Working conditions

124. In *Belgium*, reduction in working time to less than 40 hours per week provided for by various agreements at sectoral or company level covered almost 70% of all employees, including public service workers, on 1 January 1981; nearly 45% of employees have been working 38 hours or less since that date.

The multi-sector agreement concluded on 13 February 1981 attaches special importance to reductions in working time. It makes provision for the conclusion of new wage agreements limited to a 1% increase only where working time has already been reduced to 38 hours per week. Since the beginning of the year, further agreements incorporating reductions in working time have been concluded in certain sectors, while in others reductions already provided for were put into effect. Several company agreements also provide for such reductions.

The incoming government is committed to promoting agreement on a programme of accelerated reduction of working time, providing costs of production are not thereby increased and there is compensatory recruitment. Other formulas besides linear reduction in weekly working hours are envisaged, such as different forms of part-time work, reduced time for workers coming up to retirement age and greater possibilities of interrupting one's career.

The collective agreement for 1980-81 covering the printing of daily newspapers contains provisions for mandatory consultation with workers on introduction of new technology and for limitation to two hours of time spent on working with visual display units without interruption.

Lastly, a draft law (on parliamentary initiative) envisages the introduction of 'creativity' leave to enable employees in a number of sectors to interrupt work on a temporary basis to retrain.

125. In *Denmark*, major agreements have been concluded on the issue of introducing new technology between the national trade union and employers' organizations (LO and DA), and between the State and various employees' organizations.¹ The LO/DA agreement stresses the positive use of new technologies to improve undertakings' competitiveness, employment levels and job satisfaction. Technology committees can be set up under existing company cooperation committees, and the management is to inform this new body of its intentions regarding new technologies. The committees will consider the consequences for employment and training, and where job losses are envisaged the management will try to find alternative employment within the undertaking.

The agreement in the public sector provides for a broadly similar consultation structure, but with rather more specific worker rights to written information, the greater participation of worker representatives in the decision-making process and a higher level of employment protection.

126. In the *Federal Republic of Germany*, efforts to improve working conditions suffered a set-back following a reduction by half in the State funds available for the 'humanization of working life' programme, but the two sides of industry continued to make progress in this field in 1981.

The main qualitative improvements were made in the area of working time. Although the average working week remained virtually unchanged at 40.1 hours (more than 94% of all employees work a 40-hour week), further progress was made towards the target of six weeks' annual holiday for all workers. In the metalworking industry, this goal will have been achieved by 1982 and agreements in other sectors make provision for six weeks' annual holiday by 1983/84.

The trade unions have for some years now been pressing for earlier retirement and this demand has gained particular significance against a background of high unemployment. IG Metall (the metalworkers' union) estimates that some 30 000 jobs could become available for younger workers in the metalworking industry if the statutory retiring age were lowered to 60 and if workers were guaranteed 90% of their final wages (early pension plus supplementary payments from the employer) until they reached the statutory retiring age.

Nevertheless, the IG Metall executive has decided, after long discussion, not to include early retirement pension schemes in the agenda for the 1982 wage

¹ Point 100.

negotiations. Apparently, the risk of losing too much in wage increases was not regarded as acceptable.

Reductions in working time for older employees have been incorporated only to a very limited extent in wage agreements. In the cigarette industry, an outline wage agreement was concluded enabling workers to decide two years before reaching the statutory retiring age whether they wish to work 40 hours per week with full pay or only 20 hours per week or whether they prefer to retire with 75% of their final wages. Similar reductions in working time for brewery workers approaching retirement have been agreed between the foodstuffs and catering union (NGG) and the employers.

The increasingly widespread application of new information technologies in the administrative sphere has made the workers affected and their unions increasingly aware of the need for agreements to protect them from rationalization measures. The unions are pressing in particular for an obligation on the part of employers to consult their work-force before introducing new technologies with a significant impact on work content, job requirements and wage structures; workers affected by these changes are also to be afforded better protection against dismissal.

127. In Greece, the five-day working week was introduced at the beginning of the year in almost all sectors of public employment, including employees of public utility corporations and school teachers. In the private sector this example was followed by a number of large industrial enterprises.

The new government has announced the coming into force of the following measures beginning on 1 January 1982:

- (i) the introduction of four weeks' annual paid leave for all employees after one year's service with the same employer;
- (ii) the reduction of weekly working hours to 41 from 1 January 1982 and to 40 from 1 January 1983.

Shorter working hours apply for employees of public utility organizations and other occupational categories. In the civil service after the introduction of the five-day working week, the 37.5-hour week has been introduced for the whole year.

Since the beginning of the year, all employees are entitled to 12-26 days' annual leave which are accorded in relation to the duration of employment. Thus the previous differentiation between wage and salary earners has been removed.

128. In France, reduction in working time continued over the period in question with a series of sectoral agreements providing for a 39-hour week with effect from

1 January 1982. The working week has also been reduced to 39 hours in the public service.

Following the government's reopening of negotiations on working time, a protocol agreement of 17 July 1981 with the two sides of industry fixed certain objectives and guidelines.

These were largely echoed in the text of a draft ordinance, falling within the ambit of the proposed legislation on social guidelines and submitted to employers and trade union organizations on 23 December 1981, with a view to adoption by the Council of Ministers in January 1982. The main points are as follows:

- (i) introduction of a statutory working week of 39 hours from 1 February 1982;
- (ii) fixing of new maxima for weekly hours of work (48 absolute maximum instead of 50; 46 maximum over 12 weeks instead of 48; effective maximum of 42.5 hours over the year);
- (iii) generalization of entitlement to five weeks' paid annual holidays;
- (iv) reduction of overtime limit to 130 hours, with mandatory partial compensation in additional rest periods;
- (v) reduction of working week for continuous shift-workers to 35 hours by the end of 1983.

The net effect of these provisions would be to reduce statutory annual working hours for non-agricultural workers to 1 769 from 1 912 and maximum annual working hours to 1 998 from 2 296.

Several large government services have introduced changes in the organization of work: staff may opt for part-time work, in which case they may work half-time at half pay or four days a week with a 20% cut in earnings.

129. In Ireland, a working party on child care facilities for working parents has been set up by the Minister for Labour, in accordance with the 1980 National Understanding. Tripartite in composition (plus representatives of women's agencies and independent members), its task is to examine child care services and facilities for working parents, especially with regard to ILO Recommendation 123 of 1965, and to make recommendations.

Little progress has been made in reducing hours of work, although at its July congress the 'Irish Congress of Trade Unions' reaffirmed its commitment to the 35-hour week.

130. In *Italy*, the three trade union confederations have defined their joint objective of a 35-hour week for 12 million workers by 1985. This is to be achieved gradually and by collective agreement.

131. In *Luxembourg*, several collective agreements included provisions as to the arrangement of working time. In the iron and steel industry, certain enterprise agreements provided one day of additional leave for night-workers for each block of 37 night-shifts.

The government is considering a draft regulation introducing flexible working time as a general practice in the public services. Before taking a final decision, further information has been sought on methods and costs of control and supervision. The experience of those branches of the public services already practising flexibility in working hours shows the problem of reconciling public transport timetables and flexible hours.

132. In the *Netherlands*, early retirement schemes are becoming very widespread. A survey by the Ministry of Social Affairs shows that around 80% of the employed population either are already or will one day be eligible. Normally the schemes provide for retirement at the age of 62 or 63 and the payment of a pension of up to 80% of the final wage. One of the aims of these schemes, namely a better distribution of employment opportunities through the recruitment of unemployed workers, especially young people, appears, however, to have been only 20-25% successful.

A survey of construction workers has, however, revealed a continuing preference for early retirement (in this case at 61) instead of reduced weekly working hours.

The Minister for Social Affairs laid down provisions to stimulate the improvement of the working environment. These provisions are intended to encourage companies to give more thought to humanizing work. A further aim is to improve working conditions in jobs for which it is generally difficult to recruit staff.

Rotterdam port workers' trade unions have demanded flexible hours for workers on piece-work with a right to move out of this sort of work at the age of 57 1/2.

Both the employers' organizations (VNO and NCW) and the trade unions consider that part-time working should be encouraged, with the provision that part-time workers must be placed on an equal legal footing with workers in full-time jobs.

133. In the *United Kingdom*, agreements on reducing the working week are gradually being introduced; it is estimated that at the end of 1981 4.5 million manual workers had a basic working week of 39 hours, with a further 0.5 million working even fewer hours (generally a 37.5-hour working week). The move towards reduced

working hours has been largely influenced by the 1979 engineering agreement, which provided for a 39-hour week by November 1981.¹ In some companies it has been decided to make major cuts in hours in one go rather than in stages; one major company (ICI) will lower the working week from 40 hours to 37.5 for 43 000 hourly paid workers in January 1983.

Various methods have been used to shorten the working week, the most interesting being longer shifts on four working days with Friday worked as a half-day.

Annual holiday entitlements have been slightly improved, despite severe economic conditions. Again the 1979 engineering agreement influenced improvements in this field. The standard minimum entitlement is now four weeks' paid holiday enjoyed by over 80% of manual workers, with over 1.5 million workers entitled to four weeks and three days or even more.

Labour law

134. In *Belgium*, certain provisions on part-time work were incorporated into labour legislation by a law passed on 23 June 1981; they are designed to give part-time workers the same rights as full-time workers in proportion to their length of service. The conclusion on 27 February 1981 by the National Labour Council of two collective agreements subsequently made mandatory by two Royal Decrees of 21 September 1981 has facilitated the organization of part-time work.

Following the unanimous opinion of the National Labour Council delivered on 27 February 1981 a final draft law on temporary work (with or without the intermediary of an employment business) was drawn up and submitted to the Conseil d'État for an opinion.

Several draft laws, both on parliamentary and governmental initiative, were submitted to the National Labour Council for its opinion, but the positions of the employers' and employees' organizations continued to diverge. This is particularly the case with regard to temporary work (with or without the intermediary of an employment business) and part-time work.

The Ministerial Committee on the status of women took various decisions to promote equality. Whenever new advisory bodies attached to ministries (e.g. the Conseil national du travail—National Labour Council) are set up or their terms of office renewed, this Committee has the task of ensuring a more even balance between men and women members. Serious differences of opinion emerged within the National Labour Council on the proposed review of protective measures regarding night-work by women, in connection with the incorporation into national

¹ Social Report 1979, point 134.

legislation of the Community directive on the implementation of the principle of equal treatment.

Lastly, the National Labour Council issued an opinion on the adaptation of Belgian legislation to the Council Directive of 17 February 1975 concerning collective redundancies in which the view was unanimous that national laws conformed to the Community directive.

135. In *Denmark*, the Folketing adopted in May an amendment to the law on civil servants to provide for civil servants to be warned, criticized or fined if they collectively infringe the law on civil servants.

The amendment was in response to a civil servants' strike in 1979 during negotiations over collective agreements, when it transpired that uniform action could not be taken against civil servants along the lines laid down in the existing rules.

An attempt by right-wing parties to introduce a draft law to counter pre-entry closed-shop clauses in agreements failed, as it was not adopted by the Folketing.

136. In the *Federal Republic of Germany*, the Bundestag passed a law amending the law on worker participation in the coal, iron and steel industries and the Worker Participation Amendment Law, thus for the first time in 30 years substantially changing the legislation relating to this area.

The law, which entered into force on 1 July 1981, stipulates that firms no longer covered by the full-parity representation arrangements in the coal, iron and steel industries must continue to apply the provisions of the industries' Worker Participation Law a further six years. The law also contains provisions which remove the present legal uncertainty as to whether rolling mills and tube rolling mills as well as other firms engaging in the hot working of iron and steel fall within the scope of the industries' Worker Participation Law and should thus safeguard the existing representation arrangements in this area.

The process of drafting this legislation, in the course of which fierce controversy arose between unions and employers, resulted from plans to reorganize the Mannesmann company, which involved the removal of the firm's top management; for this reason this law is also known as the 'Lex Mannesmann'. The dispute also had important political repercussions which led to tensions within the coalition government.

The Federal Labour Court (BAG) delivered a ruling on the question of the maximum permissible annual hours of overtime. According to this ruling, employees may be asked to work an eight-hour day on six working days per week, that is, 48 hours per week (paragraph 3 of the Code on Hours of Work (AZO)). In addition, an employer may require an employee to work up to 10 hours per day on 30 days of the

year (paragraph 6 of the AZO). The statutory overtime supplement of 25% of the basic rate of pay (paragraph 15 of the AZO) must be paid only from the 49th hour of work. This also applies to firms which have introduced a five-day, 40-hour week. They too can take full advantage of the maximum permissible statutory limit of 48 hours per week and 10 hours per day. Paragraph 6 of the AZO allowing for overtime of up to 2 hours per day, but no more than 10 hours per day, on 30 days of the year applies only when overtime in addition to the 48 hours per week is to be worked.

Collective agreements deviating from the statutory provisions on hours of work now exist in practically all sectors of the economy, with a 40-hour week being worked by 95% of all employees. Since they take precedence over the statutory provisions, there is virtually no prospect of introducing arrangements for normal hours of work that deviate from the collectively agreed hours.

There are plans to recast the legislation governing hours of work within the framework of a comprehensive law on safety and health at work. In this law the field of safety and health at work, which is at present subject to many separate provisions, is to be consolidated. A draft law was presented by the Federal Minister for Labour and Social Affairs at the end of 1981. It provides for hours of work to be restricted to 9 hours per day and 48 hours per week (including overtime), with both sides of industry remaining free to organize hours of work on a different basis. The planned new law on safety and health at work will apply not only to people working in industry and small-scale crafts but also to those in the public service, in all private service sector undertakings and in agriculture.

The second largest of the unions affiliated to the DGB, the Public Service and Transport Union (ÖTV) suffered a curtailment of its union activities when a judgment of the Federal Constitutional Court limited its right to pursue its activities within church establishments, a decision which was diametrically opposed to a 1978 ruling of the Federal Labour Court.

137. In *Greece*, in accordance with Directive 80/987/EEC relating to the protection of employees in the event of the insolvency of their employer,¹ the government authorized payments to be made by the Organization of Labour Employment (OAED) to employees in the event of their employers' insolvency.

Furthermore, a considerable number of ILO conventions were ratified by special legislation.² They concern merchant seamen, young persons, weekly rest in commerce and offices, and radiation protection.

The new government has announced a comprehensive reform of labour legislation.

¹ OJ L 283, 28.10.1980, p. 23.

² ILO Conventions Nos 23, 73, 68, 77, 78, 124, 106, 138, 144, 115.

138. In *France*, the government has adopted a draft law aimed at introducing the principle of equality at work throughout the working world, rendering the implementing measures more effective and bringing about a change in attitudes.

139. In *Ireland*, the Maternity Protection of Employees Act 1981 came into effect in April; it guarantees the right to job security while absent on maternity leave (14 weeks' guaranteed paid leave plus an optional four weeks' unpaid leave) and the right to return to work after leave.¹

The Night Work (Bakeries) (Amendment) Act 1981 came into operation in April. It enables the Minister for Labour to license night-work baking where circumstances warrant it, and after consultation with worker and employer representatives.

In January, Section 5 of the Payment of Wages Act 1975 came into force, obliging employers to provide a written statement to employees concerning the gross amount payable and the nature and amount of any deduction.

The Supreme Court gave an important legal decision concerned with the damage caused to third parties as a result of strikes. It raises questions as to the legality of certain forms of industrial action and may have major implications for trade unions in the conduct of industrial disputes. However, the new government (elected in June 1981) gave a commitment to provide full legal protection for arrangements for 'all out' pickets made by the Irish Congress of Trade Unions.

The government also indicated its intention to introduce legislation on the extension of the immunities enjoyed by trade unions under the Trade Disputes Act 1906 to the public sector.² The Minister for Labour announced in July that a bill would be introduced to reduce the statutory limits of working hours and to limit unlicensed overtime; anti-discrimination and unfair dismissal legislation would be reviewed, and measures to protect workers in cases of employers' insolvency would be taken.

Discussions are planned on a draft voluntary code of practice dealing with the disclosure of company information, aimed at improving trade union and employee knowledge of company affairs and facilitating collective bargaining. The government also intends to consult trade unions and employers on the incorporation of statutory bodies dealing with industrial relations (including the Labour Court) into one industrial relations bureau, with a view to improving efficiency.

The Minister for Labour made an Order to come into effect on 1 January 1982 prohibiting the employment of 14 and 15-year-old children during school term.

¹ Point 204.

² Social Report 1980, point 150.

140. In *Italy*, the problem of how to regulate the right to strike¹ has been exacerbated by the growing weight, in the trade union movement, of independent elements pressing wage claims which are easily justified in the present unfavourable economic situation. The debate rages unabated about the traditional alternatives: regulation by law (increasingly advocated on all sides) or union self-regulation, while in the trade union movement itself the sharp difference of views has led to a deadlock. In the rail transport sector, a self-regulation system is in effect.

The National Economic and Labour Council (CNEL) has approved and transmitted to Parliament its conclusions on the proposed legislation on part-time work.

141. In *Luxembourg*, the Law of 18 March incorporates into national law the Council Directive of 14 February 1977 relating to the safeguarding of employees' rights in the event of transfers of undertakings, businesses or parts of businesses. The aim of the Grand-Ducal Regulation of 30 December 1981 amending the rules governing optional early retirement for steelworkers is to alleviate difficulties affecting the release of mineworkers in the last mine to be closed in Luxembourg on 31 December 1981 and allows the workers concerned to defer their pension to the age of 52.

The Law of 8 December 1981 incorporated into positive national law the provisions of Directive 76/207/EEC on access to employment, vocational training and promotion, and working conditions. The aim is to promote equal opportunity and treatment for women workers in the areas referred to in the Community directive.

In addition, a proposal to reform the law on dismissals was put before the Economic and Social Council, and the Committee on Women's Employment is examining the question of part-time work.

Lastly, the government announced the presentation of draft laws on mass dismissals, paid holidays and public holidays and the adaptation of working time.

142. In the *Netherlands*, a law entered into force in July to implement the EEC directive relating to the safeguarding of employees' rights in the event of transfers of undertakings, businesses or parts of businesses. Under this law, where an undertaking is transferred, the rights and obligations of an employer arising from a contract of employment pass by law to the new employer.

Following from the EEC directive on equal treatment for men and women at work, the government presented a draft law to amend the Labour Law of 1919 by abolishing the ban on night-work by women in factories or workshops. Under the draft law, this general ban would be replaced by a system of authorizations. The

¹ Social Report 1980, point 151.

government regards this as the first step on a path which must lead to equal treatment in all respects.

In September, the State Secretary for Equal Treatment and the Minister for Justice published a preliminary draft concerning a general law on equal treatment. Under this draft any unjustified distinction between men and women, homosexuals and heterosexuals, married and unmarried couples and single persons is prohibited. This prohibition concerns public contacts between individual citizens and between individuals and the authorities. The existing laws on equal pay and equal treatment of men and women at work will be incorporated in the law on equal treatment.

Following the entry into force of the European Social Charter in the Netherlands in May 1980,¹ albeit with a reservation with regard to collective action by public servants, the government made public a preliminary draft law in March. This lists eight categories of public servants who will not be granted the right to strike. These include the armed forces, the fire service and police, and the security services. Early in 1982 the new Minister for Internal Affairs withdrew this preliminary draft.

143. In the *United Kingdom*, the government published a Green Paper in January on 'Trade union immunities' dealing with a whole range of issues affecting trade unions and industrial relations.

The TUC strongly criticized all the points raised in the document and opposed new legislation in any form. Representatives of employers gave a cautious welcome to the ideas expressed. In November, the new Employment Secretary subsequently published plans for legislation in the 1981/82 session of Parliament. The legislation will aim to restrict some of the immunities enjoyed by trade unions (making them liable to be sued if they are responsible for unlawful acts), define more clearly a trade dispute (by excluding inter-union disputes and strikes in sympathy with foreign workers), allow for selective dismissals during a strike, extend the use of secret ballots, radically dilute closed-shop agreements (making them subject to periodic workplace ballots), provide greater protection against the dismissal of non-union employees under closed-shop agreements and render void any 'union labour only' clauses in contracts (making it unlawful to discriminate against firms using non-union labour). As was to be expected the TUC wholly opposed such changes while the CBI and other employers' organizations approved with some reservations.

The closed shop came under scrutiny in the European Court of Human Rights (ECHR) in the case of three British Rail employees dismissed for not being members of a designated union. In August, the ECHR refused to rule that the closed shop infringed the European Convention of Human Rights. However,

¹ Social Report 1980, point 153.

provisions in the previous Labour government's Trade Union and Labour Relations Act had infringed it, since the Act had allowed the employees to be dismissed without compensation, even though their membership of a union had not originally been a condition of service. The ECHR will determine the level of compensation to be paid.

In response to the EEC Directive on acquired rights, the Transfer of Undertakings (Protection of Employment) Regulations 1981 were introduced and will come into force in May 1982. The regulations provide for the automatic transfer of employees and their existing employment contract and conditions along with the business, the protection of employees whose rights are at risk through the sale of assets to subsidiary companies, the transfer of trade union recognition rights and collective agreements, the protection of employees against dismissal, and consultation with unions about the transfer and proposed measures.

Chapter V

Wages, incomes and asset formation

Trends within the Community

144. The sharp rise in the value of the dollar and the concomitant increase in interest rates worldwide which followed on the second oil crisis in 1980 were largely responsible for transforming the slight growth forecast for the Community at the beginning of the year into a decline in GDP of around 0.5%, with figures for the individual countries ranging from 3.0% in Luxembourg to 1.7% in Ireland. The increased cost of imports inevitably affected consumer prices and the unfavourable economic climate left Member States no alternative but to pursue the cautious aims of their diverse economic policies to combat inflation. The methods employed here may differ, but the aims are the same—to achieve better control of the money supply and public expenditure against a background of restraint as regards the incomes and spending of private households.

145. Restraint—in relative terms at least—thus remained the keynote of pay policy in all Member States in 1981. A voluntary approach predominated—the general pattern being one of tripartite negotiations leading to the conclusion of agreements between the two sides of industry (Italy too is attempting to follow this path now that tripartite negotiations have brought agreement on a target of 16% inflation per year maximum). For the most part, the authorities were not obliged to exercise any form of compulsion and the agreements reached either replaced the pay policy provisions of existing laws or obviated the need to renew laws which had been in force for some years.

In the Netherlands, the restrictions imposed by the decree based on the amendment to the law on income formation were relaxed and now apply only to index-linked increases and holiday bonuses. The trade unions thus continued to display a responsible, mature attitude in the face of growing unemployment, contenting themselves with little or no increase in the purchasing power of wages and concentrating their efforts on qualitative demands—notably for cuts in working time as a means of creating additional jobs. The slowdown in pay increases was not,

however, matched by a corresponding slowdown in price increases and, whilst not reaching the 14.1% of 1980, inflation in the Ten remained high in 1981 at 12.5%. According to Commission estimates, real earnings rose slightly in only four Member States: France, Belgium, Luxembourg and the United Kingdom. Various methods were used during the year under review to protect the low paid: in France the new government increased the minimum wage (SMIC) immediately on coming to power, in the Netherlands there is statutory provision for the low paid to receive special supplements and in the Federal Republic the practice of including lump-sum elements in pay settlements ensures that the earnings of low-paid workers rise faster in relative terms than those of their higher-paid colleagues. The use of fixed sums per index point for the purposes of calculating cost-of-living increases in Italy and Denmark serves a similar purpose. Some countries also used tax measures to help stabilize the purchasing power of the low paid in 1981 but budgetary constraints were such that the impact was very limited and, ultimately, France was the only member country where consumption by private households was significantly higher than in 1980.

Success in ensuring that prices are not pushed up by worsening terms of trade is crucial under present circumstances if inflation is to be brought under control and the economic viability of firms (which depends on production costs) safeguarded. Inevitably, recognition of this fact has led to a revival of the controversy regarding indexation mechanisms. The European Council considered the effects of a number of existing schemes at its March 1981 meeting in Maastricht and concluded that changes were needed in some cases. In a communication presented in July the Commission suggested that the Council adopt a recommendation on current indexation practices comprising the following main points:

- (i) the reference index should exclude the impact of any changes in indirect taxes and certain public service prices and medical charges; where the rise in prices was attributable to a deterioration in the terms of trade due, for example, to a rise in raw material prices (and more particularly in the price of energy products), the impact of these factors ought to be excluded from indexation;
- (ii) wage adjustments should be implemented with a delay and should number no more than two a year;
- (iii) where a country's inflation rate was appreciably above the Community average, indexation should be limited to an agreed rate (e.g. the average inflation rate for the Community).

Certain countries where indexation is practised started some time ago to introduce improvements along similar lines to those proposed by the Commission. The Netherlands and Denmark, for instance, have taken steps to restrict the extent to which rises in oil prices and indirect taxes affect the index, whilst 1981 saw the

abolition by the Luxembourg authorities of the practice of paying an advance instalment of 1.5%, which had been instituted in 1972. The traditional systems remain unchanged in Italy and Belgium, however. It is interesting to note that the new Greek Government has announced the introduction of wage indexation as from 1 May 1982.

146. As regards asset formation, less progress was achieved during 1981 than had been expected—largely due to the economic situation and, in certain instances, to government crises. In the Federal Republic of Germany, for example, State subsidies were reduced substantially and savings premiums abolished altogether, whilst in Denmark the political situation called into question the whole range of plans for participation by workers in the capital growth of firms—whether voluntary or compulsory in nature. In the Netherlands, however, though there was little progress on the draft laws concerning workers' participation in the capital growth of firms, discussions were begun on ways and means of introducing an investment wage—an idea which appears to be accepted in principle by all parties including the new government, which announced its intention to seek the opinion of the Social and Economic Council on this matter.

With regard to equal pay, the infringement procedure which the Commission had instituted against Belgium was halted in view of the publication in September of a Royal Decree abolishing discrimination between men and women with regard to the payment of household allowances. The following two actions brought against Member States by the Commission are now pending before the Court of Justice:

- (i) an action brought on 16 March against the Grand Duchy of Luxembourg in connection with discrimination in the public service as regards head-of-household allowances;
- (ii) an action brought on 18 March against the United Kingdom in connection with its failure to take the necessary legislative measures to eliminate all discrimination in respect of work to which equal value is attributed.

Development of the situation in the member countries

Belgium

147. The key concern of the three governments formed in Belgium during 1981 was the search for a solution to the economic and financial crisis by cuts in public expenditure and budgetary planning to reduce the public sector borrowing requirement (13.3% of the GDP in 1981) to the average level in the Community (5%). In

addition, the relatively sluggish growth of the export trade and rising costs in industry, followed by a higher rate of increase in real incomes than in the main competitor countries, led all three governments to advocate a reduction in charges borne by employers coupled with wage restraint.

The economic and social recovery plan submitted by the government to the National Labour Conference on 8 November 1980 included wage and income restraint clauses which the government wished to see adopted by both sides of industry in the context of a multi-sector agreement. As no agreement could be reached, the government put forward its proposals for approval by Parliament; however, in view of the parliamentary timetable at the end of the year, it was only possible to table a law on provisional measures concerning income restraint covering the period 1 January to 15 February 1981. The law approved by Parliament on 24 December 1980 froze monthly earnings of BFR 35 000 or more at their November 1980 level (without prejudice to any eventual indexation), a maximum 1% increase being allowed for earnings below that figure only in those cases where such increases had been decided upon before 1 December 1980. The Recovery Law (income restraint) of 10 February 1981 freezes wage rates at their November 1980 level up and until 31 December 1982 and extends the freeze on medical practitioners' fees to 30 September 1981. After this date, fees may be adjusted in line with the price index. On the other hand, the law imposed a total freeze on fees or other forms of income in the other professions. As regards non-wage incomes, the bonuses payable in 1981 may not exceed 95% of the amount paid for the 1979 financial year; but paradoxically the dividend ceiling imposed by the Law of 8 August 1980 is abolished.

The provisions relating to the wage freeze in the private sector were replaced, under the law itself, by a multi-sector collective agreement concluded on 13 February 1981, made binding by Royal Decree and having an effect 'equivalent' to the restraint envisaged by the law. This agreement was concluded following lengthy discussions on the basis of a government draft put before the two sides of industry in mid-December 1980. The existing salary scales stay unchanged and the agreements concluded before 1 January 1981 are implemented and extended on the same terms for 12 months following their expiry. When negotiating new agreements, the situation varies according to working time—where the number of hours worked per week is 40 or 39, the agreement allows for a reduction of the working week to an average of 38 hours but where the working week is already 38 hours long, negotiators can agree either on a maximum 1% wage rise per annum or on a further reduction of one hour working time over two years. Moreover, the parties have agreed that no claims will be made or supported, other than those provided for in the agreement, during the next two years.

The law of 10 February 1981 introduced a solidarity contribution levied on those remunerated directly or indirectly by the public sector who enjoy stable employment (temporary staff are therefore exempt). The 'solidarity' fund, which is intended to cover the deficit incurred by the National Employment Office, is financed by graduated deductions from gross wages and salaries ranging from 0.9% on monthly earnings of BFR 40 000 or more to 2.7% on monthly earnings of BFR 55 000 and over.

With respect to prices, the government initially set maximum prices in March for beef and pork; subsequently prices were frozen at their 19 March level for the month of April. This freeze was then extended to the end of May on a selective basis, an exception being made for products covered by an agreement (e.g. fuel oil). Lastly, to balance its proposal aimed at cutting wage costs by reducing employers' social security contributions from 20.96% to 14.79% from 1 July (the Maribel model), the government proposed not only an increase in VAT and excise duties on petrol, diesel oil, cigarettes, beer, etc., but also in the special tax on luxury goods. The impact of these tax measures on the consumer price index has been estimated at less than 1%. As a result of all these measures, the consumer price index, which had fallen in April and May, was strongly influenced by increases in the prices of non-food products since July, and its annual rate of rise went up from 7.0% in January to 8.4% in September, but the downturn in October and November brought the rate down to 8.1% at the end of the year, as against 7.6% at the same time last year.

The overall index of wages under collective agreement (manual workers) rose by 9.1% in 1981 as against 8.9% in 1980. The evolution of the components of that rise is very different from that pertaining to 1980: indeed, whereas the influence of 'reduction in working time' was stable at +0.6% in both years, the 'indexation' component went up from 7.2% in 1980 to 7.8% in 1981, while the weight of rates of wages as per agreement is on a downward trend. For salary earners, the 8.3% rise in the overall index was less than that of 1981 (8.7%) but the influence of the 'indexation' component, i.e. 93%, was even higher than in the index for manual workers and here the improved basic rates now cater for only +0.2% as against +0.8% in 1980.

An important aspect of the Law of 10 February is the adjustments to the minimum monthly wage (averaged over the year) which went up by 5% on 1 April 1981 and will be increased by a further 3% on 1 January 1982. From a figure of BFR 23 493 at the beginning of the year, the minimum wage, indexed and uprated, rose to BFR 25 115 on 1 April, and further indexation on 1 September and 1 November brought it up to BFR 25 618 and BFR 26 130 respectively at those dates. At the 1 January 1982 uprating the figure will be BFR 26 821 per month.

It was the government's intention that the multi-sector agreement of 13 February should be followed by a round-table discussion at which the principal points of a

general economic recovery policy would be hammered out, but when the Prime Minister's proposals on these consultations failed to meet with the approval of his cabinet, he handed in his government's resignation on 31 March and a new government (Eyskens) was formed in April. The outgoing Prime Minister's proposals included, *inter alia*, the suspension until 31 December of the indexation mechanism and the introduction on 1 January 1982 of a new system based on an index from which energy products would have been excluded and the award of flat-rate increases instead of the customary percentages. As for the new Prime Minister, he reiterated the inviolability of the principle of the automatic linking of earnings to price rises, but indexation was nevertheless the cause of the deadlock at the new round-table discussions begun on 22 May. From the beginning of the consultations, the divergent and rigid points of view of the two sides of industry regarding a possible review of the indexation machinery made any consensus impossible and, the employers' representatives having left the table, the government was only able to record the failure and reserve the right to submit its proposals to Parliament in the form of draft laws. This decision could not be given effect owing to the crisis which led to the fall of the Eyskens government on 21 September. After the consequent parliamentary elections on 8 November, a new government (Martens V) was installed on 17 December.

With regard to equal pay, the Commission withdrew the infringement procedure initiated against the Belgian Government,¹ since on 30 September 1981 the *Moniteur Belge* published the Royal Decree of 10 September amending the Decree of 30 January 1967. Article 1 of the new decree includes, in particular, provisions abolishing any form of discrimination on grounds of sex regarding the terms on which family allowances are granted.

Denmark

148. The agreement between the employers' organization (DA) and the trade unions (LO) in August 1980 to decentralize negotiations proved quite successful and agreements were signed in 1981 in most sectors. The absence of a central agreement entailed the disappearance of a minimum guaranteed hourly wage at national level. In some collective agreements, the suspension of the renegotiation clause for the period 1 March to 31 December, effectively froze the minimum wage whilst in some other conventions it is just not mentioned. In those where it still exists, the hourly minimum rate stood at 1 September at DKR 40.41 (DKR 40.70 in the metalworking industry).

¹ Social Report 1980, point 159.

Despite the wishes of the employers, the wage indexation arrangements remained intact at national level. The wage adjustment index, a specific index which excludes indirect taxes (since 1963) and energy products (since 1980), automatically triggered the payment of fixed sum cost-of-living increases in January (one) and a further two from 1 July. The December index being four points above the triggering index, two index payments will be made in January 1982. Indexation has been responsible for the greater part of wage increases in 1981 which are, generally speaking, on a downward trend: whereas the average annual increase was 11% in the two previous years, the average for manual workers in 1981 was 8.5% while the average for public sector employees was 10.9%. Catching-up increases were paid in the public sector, raising pay from 75% to 80% of private sector wages.

However, these wage increases should be seen in the light of changes in the cost of living as reflected in the consumer price index (January 1975 = 100); after reaching 2% in March following the lifting of the price freeze, the rate of increase has fallen to 0.8% per month, which is equivalent to about 11% over the year. Real disposable incomes have thus fallen and figures compiled by the Economic Council suggest that the purchasing power of wage earners fell by 4% in 1980-81 and will fall by a further 0.5% in 1981-82, compared with a decline in the purchasing power of salaried workers of 2.5% in 1980-81 and 0.5% in 1981-82.

Federal Republic of Germany

149. The annual economic report for 1981 assumed zero growth, or even a decline, in GDP. Gross wages were expected to rise by 4% and the government had urged employers and unions to aim for a wages policy that will make for greater price stability and—in the long run—an improvement in the employment situation. The report forecasts an annual rate of inflation of around 4.5% in 1981, and this year's pay negotiations were conducted against this background. As regards wages policy, the employers were concerned to link wage increases to overall production trends with a view to stimulating investment, while the unions sought above all to prevent a fall in real wages, particularly as in their view higher profits do not necessarily result in a higher level of investment, and even if this were the case, it was more likely that jobs would be lost through rationalization measures than that new jobs would be created. At the end of protracted negotiations, collective agreements were signed covering more than 16 million workers until October 1981. The agreement in the key metalworking industry, which is regarded as a pacesetter for many other sectors, provides for a rise of 4.9% backdated to 1 April with a lump sum of DM 160 payable for February and March instead of a percentage increase. The deal is equivalent to an overall rise of 5.2%. Similar arrangements will apply to the public sector where employers and unions, mindful of the precarious state of the public finances, agreed to a wage rise of 4.3% for a period of 10 months beginning

on 1 May. A lump sum of DM 120 was paid for both March and April. As usual a law was enacted to apply the provisions of this collective agreement to civil servants in the strict sense.

Compared with 1980, conventional wages rose by 5.5% on average, actual earnings by 5.1% and unit wage costs by 4.5%. Over the same period average gross compensation of employees increased by 5.1% whilst consumer prices went up by 6%, resulting in a 1% decline in purchasing power per employee.

The commission of inquiry on transfer payments set up by the Federal Government in 1977¹ presented its final report in June. It describes the impact of income transfers, between the State and private households, on disposable incomes. The commission recommends a number of minor amendments to the existing transfer system, but does not see a need for radical reform.

150. As regards asset formation, mention should be made of the Law of 26 June 1981 and the Budget Structure Amendment's second Law of 22 December 1981 which have substantially reduced savings and asset formation promotion. Premiums under savings schemes, which have been in existence since 1959, have been abolished and are now granted only to savings contracts concluded before 13 November 1980. Premiums for home building will be reduced on 1 January 1982 from 18% to 14% of the amount saved, and at the same time the period for which these savings are blocked under the law was extended from seven to ten years for contracts concluded after 13 November 1980. Under the DM 624 Law, the 'double' tax concessions available on asset-creating allowances paid to employees will be abolished from 1 January 1982, while apart from the special bonus paid to workers, house purchase savings will no longer attract premiums or tax deductions.

Under the Budget Structure Amendment Law, the bonus paid to workers on the basis of the DM 624 Law has been reduced in accordance with the form of investment. In future, the bonus will be higher in respect of house construction and formation of productive assets than for other forms of investment. Certain tax concessions granted to employers in connection with the payment of asset-creating allowances have been reduced and the tax deduction applying to the purchase of companies' shares by their employees has been reduced from DM 500 at present to DM 300 per annum per employee.

The employers' organizations take the view that the government will have virtually abandoned its policy to promote asset formation once these decisions have been implemented. The financial incentives towards the insertion of asset-formation clauses in collective agreements would be effectively abolished.

¹ Social Report 1977, point 161.

Greece

151 The annual National Collective Agreement between the Confederation of Greek Trade Unions (GSEE) and representatives of employers affiliated to the Federation of Greek Industries (SEB), the Confederation of Craftsmen and Artisans (GSEBE) and the Trade Associations of Athens, Piraeus and Thessaloniki (ESAPS) is the framework for virtually all the collective agreements negotiated in the private sector. These national agreements, which are subject to arbitration in the event of a dispute, are made legally binding by ministerial regulation. They lay down basic terms of employment for wage and salary earners, including minimum wage rates, normal working hours, annual holidays and overtime payments. Any collective agreement concluded subsequently at regional, sectoral or occupational level must incorporate the basic conditions before setting out special conditions.

The 1981 National Agreement was signed, after arbitration, on 24 December 1980. The Arbitration Tribunal took account of government guidelines on wage restraint set out in the 1981 budget and of the precarious state of the economy. The comparatively moderate wage demands made by the unions resulted, after arbitration, in the following increases:

- (i) for wage earners, the minimum rate of DR 476 was increased to DR 565 per day for the period 1 January to 30 June 1981, after which it rose to DR 600 — i.e. an overall increase of 22.5% for the year;
- (ii) for salaried workers, the monthly minimum salary was increased on 1 January from DR 10 240 to DR 12 276, and to DR 13 037 from 1 July—i.e. an overall increase of 23.6%.

Wage increases in the private sector ranged from 19% for workers in the construction and service industries to 22% for workers in other large industries, while salaried employees received annual increases of between 19% and 24%. In the public sector, civil servants (in the strict sense) received a salary increase of 21%, while employees of public undertakings (water, telecommunications, electricity, banks, etc.) received 22.5%—a 21% increase in average earnings. As a result of the upward trend of the increase in consumer prices (19% in 1979, 24.9% in 1980 and 24.5% in 1981), purchasing power of average earnings has been decreasing by 0.3%, 3.4% and 2.9% in those three years. This decline has been the key concern of Greek trade unions which have been calling for wage indexation since 1975. This principle of index linking, approved by the government at the end of 1980, was incorporated to some degree in the 1981 National Collective Agreement, which contained an innovatory provision that agreed wage increases would be reviewed if the index rose by more than 20% between January and November 1981. It has since been announced that indexation of wages and salaries under DR 80 000 per month will be implemented as from 1 May 1982.

France

152. Up until the month of May 1981, the pay policy carried out by the government continued along the broad lines laid down in the preceding years and aimed at consolidating the country's economic and financial recovery. The plan implemented since 1976 to fight inflation was, as far as wages and salaries were concerned, based on two main elements such that the purchasing power of gross wage is maintained and a selective and differential progression of wage income is achieved in such a way as to benefit the low paid in priority.

The economic and social policy of the new government installed after the June elections is based on moderate expansion along with an active job-creating budget, such increased employment being necessarily dependent on a strict wage policy where the purchasing power of the already active population is guaranteed. The government's preoccupation of providing a significant increase in the purchasing power of the low paid was evident in the substantial 10% revaluation on 1 June of the minimum wage, which had already been raised by 2.8% on 1 March in the light of price trends. The size of this 10% increase should, however, be seen in context, for under the strict rules in effect the minimum growth wage is automatically raised when the official price index rises by more than 2%, so that this would in any case have entailed increases of 3.3% in June and about 1.5% in July. Under these rules, two further increases have been applied since then: 3.7% on 1 September and 2.4% on 1 November. From a gross hourly rate of FF 14.79 at the beginning of the year, the SMIC went to FF 15.20 on 1 March, FF 16.72 following the exceptional increase on 1 June, FF 17.34 on 1 September and FF 17.76 on 1 November; in other words an increase of 19.9% over the year to December 1981, corresponding to a 6% increase in purchasing power at that date.

However, in order to avoid an inflationary process, the government had expressed its hope that this exceptional increase in the SMIC would not be passed on throughout the wage hierarchy. According to the results of the latest enquiry into working conditions carried out by the Ministry of Labour, the rates of hourly wages for workers have increased by 2.8%, 4.5% and 4% respectively in the first three quarters. These statistics confirm the trend of growth of workers' hourly rates of pay which, although less than the 1980 rates (15.2% as against 15.7%), are still more than the 14.1% annual increase in consumer prices; this corresponds to a 1% increase in purchasing power.

In the public service, as recommended in the agreement of 31 March 1980, all employees received a quarterly rise of 1.75% on 1 April 1981 and purchasing power was maintained during the first quarter by the following arrangements; an upward adjustment corresponding to the rise in prices for the months for which figures were available plus 1%, from which any intervening wage increase was to be deducted,

the full price index adjustment being made at the end of the period. On completion of negotiations between the new minister responsible for the public service and the trade union organizations a pay agreement was signed on 28 September 1981. The Decree of 2 October raised earnings by 4.3% with effect from 1 October 1981, but the increase was confined to earnings of FF 16 250 gross or more per month. A special degressive bonus ranging from FF 600 for monthly earnings of FF 3 610 to FF 150 for earnings of FF 5 645 was granted to public servants in office on 1 October, and the special monthly allowances to boost the lowest earnings were raised. Maintenance of the purchasing power of earnings is guaranteed under the decree by means of two increases (on 1 November 1981 and 1 January 1982) with a readjustment at the beginning of 1982 once the inflation rate for the year is known.

153. In the field of asset formation, more than half the limited companies had announced a distribution of shares to their employees as per the 24 October 1980 Law. The other companies will have to decide on the application of this operation within two years. On the other hand, the number of undertakings which had signed an agreement concerning employee participation to profits amounted to 11 453 at the end of 1980. The latest accounting year (1978) puts the number of beneficiaries at 3 350 126 which makes for a FF 1 233 share per employee.

Ireland

154. In addition to the provisions in respect of employment, taxation, housing, health services, etc., the Second National Understanding for Economic and Social Development 1980-81 provided for pay increases in two phases over a 15-month period after expiry of the 1979-80 pay agreement. After an initial pause of one month, in the first stage (eight months) wage earners received an 8% increase in their basic rate plus IRL 1 per week, followed by a 7% increase in the second stage (six months). The 1980-81 pay agreement expired on 30 September for some categories of workers and on 30 November for the greater number.

Although there is no formal mechanism for indexation as in the First National Understanding (1979-80), the second phase of the current agreement on pay policy provided that the Employer-Labour Conference would meet to discuss a further wage increase if the consumer price index rose by more than 10% in the period May 1980 - February 1981. In the event, as the price index registered a 12.7% increase in that period, the trade unions claimed a further 2.7% rise in basic wages which was refused by the employers. The matter was submitted to the Labour Court which ruled against the trade unions' demand.

Preliminary talks on a new national pay agreement for 1981-82 began on 5 October. The views of the Irish Congress of Trade Unions (ICTU) were not known until after 25 October, when an extraordinary meeting of the unions was held to take note of

the report of its Executive Council on these matters. Views differed widely: the trade unions demanded wage increases to compensate for price rises (an annual rate of over 20% was recorded in November 1981) while the employers called for a long pay pause (up to six months) before any increase, which in their view should not exceed the Community average (about half the trade union demand) in order to preserve the competitiveness of firms. In these conditions, inevitably the talks broke down but through the efforts of the Minister for Labour, tripartite discussions commenced on 13 November with a view to finding a common ground on which to resume negotiations. These having failed, it is now clear that the 1981-82 pay round, will, for the first time since 1970, be negotiated at enterprise level.

In the public sector average earnings were significantly influenced by the substantial wage increases granted, often after arbitration, to government employees, particularly teachers and nurses. The average wage increase in this sector in 1981 (compared with 1980) was 20% as against 15% in the private sector—a national average of 17%. According to the latest figures, men industrial workers were, in June 1981, earning IRL 131 for a 42-hour week, and women IRL 78 for a 37-hour week, as against IRL 113 and IRL 66 respectively in June 1980.

Italy

155. The main thrust of government policies in 1981 was to try to contain the internal factors of inflation, which at 21.2% at the end of 1980 was the highest in Europe (nine countries). Accordingly, as soon as the Forlani government took office in October 1980 it worked out the main lines of a three-year medium-term plan to bring price increases down to 12%, but the government crisis in May 1981 prevented its implementation. The problem has nevertheless remained in the forefront of the concerns of the new government (Spadolini) formed at the end of June 1981, particularly in view of the impending danger of social conflict that would make it all the more difficult to establish the understanding needed to implement an austerity policy with any degree of success. Since the beginning of the month the employers' confederation, Confindustria, had been planning to abrogate the 1975 agreements on the payment of increases under the *scala mobile* (wage indexation) system.¹ Confrontation was avoided after the meeting on 30 June between the Prime Minister and representatives of management and labour. The employers agreed to defer their decision on abrogation and the trade unions undertook to conclude an agreement setting up a pay structure that would result in an overall reduction in the wage bill.

¹ Social Report 1975, point 170.

In his address on his government's programme on 7 July 1981 before Parliament, Mr Spadolini, the Prime Minister, stressed that the revaluation of the dollar had largely restricted the government's freedom of manoeuvre to combat inflation without strangling the economy by deflationary measures. Nevertheless, priority was still given to this aim and he proposed to establish with the two sides of industry a maximum acceptable rate of inflation which would serve as a ceiling, taking account of all the parameters involved (including the wage bill). They finally agreed on 16% for the year. To counterbalance the restraints on index-linked wage increases the government was prepared to freeze some prices and reduce income tax for wage earners. In addition, measures would be taken to reduce the budget deficit and increase investment at national level. After long discussions, three trade unions (CGIL, CISL, UIL) have adopted a common stand on the government's objective to cut wage costs within the framework of a programme based on reducing the rate of inflation to 16% per annum in 1982. This agreement will be submitted to the workers' meetings in undertakings. Its main points are as follows:

- (i) acceptance of 16% annual inflation as a threshold for wage claims,
- (ii) partial detaxation of 45 points of the index-linking mechanism so as to avoid a shift into a higher tax bracket,
- (iii) a parallel level of taxation for social contributions,
- (iv) a tax disincentive which will temper both wage claims and price rises,
- (v) compensation in 1983 of real wages lost if the 1982 rate of inflation is above 16%.

The indexation system remained unchanged in 1981 except for a minor amendment introduced in July adjusting pensions every four rather than every six months. The rapid rise in consumer prices (18.7%) which continued throughout the year was reflected in a total rise of 44 points in the cost-of-living supplements, against 38 points in 1980 and 28 in 1979 (these allowances were raised by 11 points in February, 14 in May, 10 in August and 9 in November). This is the highest annual increase since 1975, which was adopted as base year for the pay scales.

A number of collective agreements were renewed. In the private sector, workers in the oil industry received an average increase of LIT 80 000 per month on 6 March, while on 13 April management staff in industrial firms were awarded an increase of LIT 200 000 per month. The public sector employees' agreement, which was also renewed, covers the years 1979-81; they received an average monthly increase of about LIT 100 000. Employees of the State monopolies negotiated a three-year contract providing for staggered wage increases of up to LIT 135 000 per month.

Luxembourg

156. The worsening situation in the second half of 1980, which was reflected in a 3.3% fall in industrial production for the year, intensified in 1981 and many sectors experienced serious financial difficulties.

In the iron and steel industry, a vital sector for the Luxembourg economy, the negotiations which began in the summer of 1980 led to an agreement supplementing the agreement of 19 March 1979 between the two sides of industry and the government on a restructuring plan. This supplementary agreement, which was initialled on 22 January 1981 at a Tripartite Conference on Steel, includes provisions on a new investment plan and programmes a reduction in staff without redundancy. On wages, the government undertakes to pay a supplement to cover the difference between the final wages of workers leaving the industry voluntarily and those in their new jobs. The signing of the agreement, planned for 3 February, was delayed because of a request from ARBED; its aim was to reduce wages by 5 to 15% in order to cut production costs in the steel industry in the face of the crisis situation. ARBED also requested the application of Article 20 of the amended and adapted Law of 24 December 1977 authorizing the government to take measures to stimulate economic growth and maintain employment (*Mémorial A* No 26 of 21 April 1980). The Tripartite Coordinating Committee met, in accordance with this law, and delivered an opinion on 20 May 1981 which served as a basis for the two sides of the iron and steel industry to negotiate and conclude collective agreements valid until 31 December 1983; under these agreements, workers will forego a general increase in real wages and salaried staff will incur phased cuts in remuneration, the details of which have still to be worked out.

At the same time, the government announced that it was intending to take the following measures with the aim of re-establishing the competitiveness of the national economy and contributing to the reduction of production costs in the iron and steel industry, thereby facilitating the conclusion of an overall agreement:

- (i) freeze on profit margins in absolute terms;
- (ii) adjustment of the pay indexation system, involving:
 - (a) suspension of the advance instalment introduced in 1972,
 - (b) delay of one month in applying index rises.

To alleviate the effects that these measures might have on those with low incomes, the following subsidiary measures are proposed:

- (i) maintenance of the advance instalment for those on minimum wages, or
- (ii) an appropriate increase in the cost-of-living supplement.

Under the compromise agreement, the government took the following legislative measures:

- (i) Law of 1 July amending the pay indexation machinery. The advance instalment of 1.5% (granted in 1972) has been abolished for all wages and pensions whose level exceeds the legal minimum. In practice, this means that on the due date in August, the increase in wages was not 2.5%, but $2.5\% - 1.5\% = 1\%$. This was, however, an exceptional measure. Salaries, wages and pensions which do not exceed the minimum wage are exempt. Furthermore, provision is made for a delay of one month in applying the adjustment.
- (ii) Ministerial Regulation of 25 August 1981 freezing profit margins in absolute terms. The net profit margin on all goods, products and services on 29 August 1981 is frozen in absolute terms; in addition, all increases in prices to a level exceeding that on 29 August 1981 must now be declared to the Prices Office and are subject to its authorization.

In 1981 the general situation had a severely restraining effect on wage rises under agreement. The rise in the index of basic wages fixed by collective agreement was solely due to cost-of-living indexation, there being practically no increase in real terms.

In 1981, the statutory minimum wage was automatically adjusted three times on the basis of the consumer price index (+8% increase). Over and above a 7.25% indexation increase, the minimum wage was uprated by 4.1% on 1 April 1981. Thus, from a figure of LFR 19 614 per month at the beginning of 1981 for an unskilled worker, it rose to LFR 21 990 at the end of the year.

As regards the application of Council Directive 75/117 on equal pay, the collective agreement for salaried staff in the banking and insurance sector referred to above lays down new provisions regarding the head-of-household allowance, which was paid only to male staff. From now on, any married employee, male or female, whose spouse has an income lower than the minimum wage receives the full allowance; in other cases, the employee is entitled to half the allowance. The full amount was raised from LFR 1 350 to LFR 1 560, at index 100 (i.e. around LFR 5 000).

In the same connection, the Commission had initiated an infringement procedure in 1980 against the Luxembourg Government.¹ As the latter had still not adopted a draft law eliminating discrimination in the public sector as regards the conditions for granting head-of-household allowances, on 16 March the Commission brought

¹ Social Report 1980, point 169.

an action against the Grand Duchy before the Court of Justice of the European Communities (Case 58/81).

The Netherlands

157. For the fourth consecutive year, negotiations on working conditions broke down and the government, faced with a serious economic crisis, was forced to adopt a 'restricted' decree at the end of 1980 covering the whole of 1981 and applying to all wages. The decree is 'restricted' in that it affects only the payment of the holiday bonus (cut by 0.5%) and the index-linked increases, which are cut by two percentage points. In addition, the holiday bonus is fixed, with a minimum equivalent to its level last year and a maximum of HFL 5 200 for 1981.

The matching-up policy started in 1978 for those not covered by conventional agreements was continued in 1981 and in this field a new December 1980 law extended the 1979 decree concerning such wages. The necessary modifications were detailed in the provisional decree which was rendered definitive in May 1981 with effect from 1 January.

In the public sector, the mechanism whereby pay follows the trend of wages under the main collective agreements was offset by the reductions provided for in the *bestek 81*¹ programme but measures were taken on 1 January and 1 July to align the net wages of public employees with those in the economy as a whole. A similar decree applies until the end of June 1982 to wage earners in institutions subsidized by the State.

A draft law on the incomes of members of the liberal professions was adopted by Parliament in May. Under this law, scales of fees and charges may be linked to the salary level of holders of comparable positions in the public sector, and if these non-wage incomes were on average higher than the reference salaries, the government would act to realign them.

The government sees measures as temporary in the sense that they must ultimately be incorporated into a framework law on income formation. Under the preliminary draft, the government would have permanent powers, in the absence of a national agreement, to intervene to determine all incomes. Such action on its part would nevertheless be restricted to periods of serious social and economic imbalance and could in no circumstances be selective (to the advantage or detriment of certain categories of workers). Ultimately, government intervention would have to be incorporated into a general incomes policy plan. The preliminary draft recommends that the government should be assisted in the formulation of its medium-

¹ Social Report 1979, point 165.

term incomes policy by a committee consisting of representatives of the various interest groups and by experts on income formation and social security. The Social and Economic Council has a role to play in all this, since it will be called on each year to give its opinion on probable income trends for the following year and the next four years. The Council's opinion on the draft law is expected shortly.

The legal minimum wage was raised on 1 January by 1% over its July 1980 level, bringing it to HFL 1 882.40 per month. This rise was 1.3% less than the figure that would normally have been triggered, but the balance, added to the increase in wages estimated from the reference index, allowed a total increase of 2.3% on 1 July, bringing it to HFL 1 925.30. Since 1 January, a scale of percentages is applied to the legal minimum wage to calculate the minimum wage for young people. Instead of a 7.5% deduction for all workers under 23, deductions under the new scale are 10% for workers aged 19 to 23, with a further 7.5% for 17 and 18-year-olds and 5% for 15 and 16-year-olds.

It should be noted that the Social and Economic Council opposed any increase, beyond normal adjustment, of the legal minimum wage in the current economic situation. Although the government shares this view in principle, its fear of a decline in the purchasing power of households receiving the minimum wage or minimum social security benefits led it to have a law enacted under which such households would receive a flat-rate payment in the range HFL 150-450 according to the size of the household.

158. There are no new elements in the field of workers' participation in the capital growth of their undertaking¹ but discussions began on the possible introduction of an 'investment wage' which, according to the Christian Trade Union Organization (CNV), could amount to 1% of wages and would subsequently be used to finance investment in the undertaking or sector in question. The employers are not opposed to the idea as such but they recommend that the procedures involved be fixed on a voluntary basis in collective agreements. In the FNV's view, the most important question is that of the workers' power to decide how the assets so formed should be used. In its policy statement on taking office on 17 November, the new government announced that it would seek the opinion of the Social and Economic Council on this matter in the near future.

United Kingdom

159. The economic policy pursued by the government since it came to power in May 1979 remained unchanged in 1981. Broadly speaking, the first priority of this policy—aimed at combating unemployment and the recession—is still the fight

¹ Social Report 1980, point 171.

against inflation, as affirmed at the time and embodied in the provisions of the 1980 budget. As regards pay policy, the government has remained committed to responsible pay bargaining without central intervention, reasserting its belief that incomes policies in the past have tended to operate as a constraint on the free and efficient working of industry. In the private sector the government has placed responsibility for determining wages and salaries on the employers and trade unions themselves, leaving them free to negotiate settlements which suit the economic circumstances of their firms, but emphasizing that wage increases should be linked to such factors as productivity and profitability. For the nationalized industries the government has set external financing limits to represent financial constraints similar to those affecting private sector negotiations, and in the public services pay bargaining has to take place within tight cash limits based on what the government believes the taxpayer and ratepayer can afford.

In the year to June 1981 average earnings are estimated to have increased at an underlying rate of about 12%. This does not wholly reflect the rate of increase during the 1980-81 pay round since it also includes some of the higher settlements agreed at the end of the preceding round. The government's estimate of an average monthly increase of 3/4% since August 1980 is more realistic and consistent with statistics recently published by the CBI which suggest that the average level of settlements was between 8 and 9% in the manufacturing industries.

In the public sector, the government's decision to discontinue comparability studies with the private sector (such as the studies carried out by the Pay Research Unit) and to allow salaries to rise in line with budgetary constraints and financial possibilities has been the cause of several conflicts with the civil servants' trade unions. A commission of inquiry has since been set up to examine the machinery determining salaries in the Civil Service and to make recommendations regarding the way in which these salaries should be determined in future, taking into account the government's general policy, the economic situation and the major difference between the public and private sectors with regard to stability of employment. In 1981 the ceiling for salary increases in the public sector was generally of the order of 7%, but the government made it known that this figure would be reduced to 4% in 1982.

The retail price index (RPI) has risen less sharply than in 1980, but the annual increase in 1981 was nevertheless 12%; this rate of inflation, together with heavy direct taxation, led to a decrease in real disposable incomes in the first half of 1981. Consumer spending has, however, continued to grow, probably owing to a reduction in savings and to purchases on credit terms, with a resulting increase in the money supply accompanied by high rates of interest.

The Commission has instituted proceedings before the Court of Justice against the United Kingdom Government for failing to take the necessary legislative measures to eliminate all discrimination in respect of work to which equal value is attributed.

Chapter VI

Housing

Trends within the Community

160. The severe crisis in the building industry—and more particularly in the house-building sector—which was reported last year continued during the period under review. The latest figures show no sign of improvement, so that 1981 seems likely to prove the worst year for the building trade since 1945. The current recession looks set to exceed in severity the slump which the industry went through in 1958 and is undoubtedly far worse than the relatively limited and short-lived crises encountered since then—in 1968 (as a result of the economic recession), 1971 (primarily in house building) and 1975 (as a result of the action taken to combat inflation). There would seem to be some grounds for fearing that the depression in the industry may last several years. The review of developments in the Member States includes information on the countermeasures taken to date. Though the overall aim is the same—namely to sustain a reasonable level of construction activity—some countries are endeavouring to achieve the desired effect by making more funds available for new building whilst others have chosen to encourage the implementation of improvement and modernization schemes. High interest rates continue to act as a deterrent with regard to building projects of all kinds.

161. Implementation of the ninth ECSC housing aid scheme (originally adopted on 29 June 1979) continued and on 17 December the Commission decided to set aside funds for the second instalment of this scheme covering the years 1982/83. In the course of 1981, the Commission financed a series of pilot projects in the field of housing aimed primarily at facilitating the social integration of handicapped people and migrant workers.

Development of the situation in the member countries

162. In *Belgium*, the problems of the building industry were discussed in depth at a 'round table' held at the end of June in response to expressions of dissatisfaction from the industry. As a result, an agreement was concluded on 3 July regarding further action to alleviate the crisis, taking the form primarily of temporary measures (for the most part tax concessions) aimed at stimulating building activity in the short term. It is, however, recognized that measures of a more fundamental nature need to be devised without delay.

In *Denmark*, the high level of interest rates led to a sharp fall in investment in the building industry which in turn caused a substantial increase in unemployment in the sector.

The decline in investment brought about an 8% reduction in the numbers employed in the building trade in 1980. The first six months of 1981 saw a further decline in employment in the new building sector, with an increasing proportion of building workers employed on repair and maintenance work. This type of work accounted for 58% of the industry's total labour force in mid-1981 as against 50% at the same point in 1980.

In the *Federal Republic of Germany*, the first seven months of the year saw a further worsening of the situation in the building industry. The figures show demand in the industry to have been approximately 17% lower in real terms than during the corresponding period in 1980. The civil engineering sector suffered most with a fall in demand of 27.2%. Over the same period, the volume of orders coming in fell by 9.2% in real terms in the house-building sector. The figures for the first seven months of 1981 also showed a further perceptible fall in production — 8% down on the corresponding period in 1980.

In *Greece*, the new government granted increased housing loans, parallel with a reduction in interest rates and an extension of repayment periods. This new policy is positively connected with that of regional development. The change in policy was occasioned by the decrease in investment in housing following the large increase in construction costs and sale prices.

In *France*, the housing situation has deteriorated, while the measures announced in May, following the change of government, have not yet had time to take effect.

Since June, the new government has gradually been outlining its housing policy and has adopted certain measures to take effect immediately :

- (i) an increase in the number of programmes authorized; aid for access to ownership of 40 000 new dwellings and to reduce rents in respect of 10 000 others, beginning in 1981;
- (ii) HLM¹ promoters are no longer required to sign an agreement with the government in respect of improvements to dwellings, rent levels, contributions to the *Fonds national de l'habitation* (national housing fund) and individual aid for tenants;
- (iii) rents for HLM accommodation have been raised by only 10% (less than the annual rise in the price index);
- (iv) aid is to be granted to tenants of HLM accommodation who are in difficulty or in arrears with their rent, in the form of interest-free loans administered by local committees.

The new housing policy is to be carried out by the *Ministre de l'Urbanisme et du Logement* (Minister for Town Planning and Housing) who will no longer be responsible for regional development, the environment, the habitat and public works.

In *Ireland*, the Minister for the Environment introduced a package of housing incentives, including a new mortgage subsidy, an improved low-rise mortgage scheme and increased income and loan limits for local authority house purchase loans.

In order to keep employment in the building industry at a reasonable level, other measures have been taken, such as improvement of financial incentives to housing accommodation for the elderly, handicapped and mentally ill persons, as well as increase of limits on expenditure on a house under the essential repairs grant scheme.

In *Italy*, housing policy has run into increasing difficulties and renewed efforts are being made to implement the building programme. To add to these problems the housing situation has deteriorated. Construction of dwellings in the private sector has declined and new dwellings are exclusively for sale. At the same time many leases have not been renewed and families find themselves homeless, creating serious problems for the public authorities in large cities.

In *Luxembourg*, the 1982 budget estimates for subsidized housing were raised by about LFR 80 million, after a 10% cut in relation to the previous year's estimates in 1981.

In the *Netherlands*, high interest rates and a less favourable outlook on the incomes front combined to shift the emphasis in favour of the construction of dwellings for

¹ *Habitations à loyer modéré* (low-rent dwellings).

rent rather than for owner occupation, bringing about a sharp fall in house prices. The period under review also saw a further increase in unemployment in the building trade.

Considerable attention was devoted to the question of energy saving—the increase in energy prices being an obvious argument for measures directed towards this end. In addition to subsidies, a number of statutory provisions designed to foster energy saving were introduced within the framework of the building regulations.

In the *United Kingdom*, housing has continued to bear much of the impact of the government's policy of reducing public expenditure. Within their expenditure allocations, however, local authorities have been given much greater freedom to decide their own local spending priorities. A new system of project control and a new system of housing subsidies for local authorities have been introduced. The trend away from new building towards improvement of existing buildings has continued.

In line with its policy of promoting owner occupation, the government has encouraged local authorities to consider ways of meeting housing needs which do not require major public spending.

Housing requirements, building programmes, dwellings completed¹

163. The number of dwellings completed in 1980 was generally comparable with the 1979 figure. Again, as compared with 1979, the trend towards heavier State subsidization of housing in the various countries continued. The large disparity between 1979 and 1980 in the figures for Italy in Table 1, page 112, should be noted. The reason for this disparity is the greater care taken in gathering data both in towns and cities and in the country.

Building costs

164. Wage costs in the industry rose more slowly during 1981 than over the previous two years, though the increases recorded in 1979 and 1980 had already shown signs of moderation, being at all events less steep than those recorded for the other major element of building costs—the prices of building materials.

According to the available information, house-building prices would appear to have risen more slowly in recent years than might have been expected from the increases reported for the individual cost components. Though the figures vary from source to source, the broad picture is one of prices increasing at roughly the same pace as the cost of living.

¹ Table, pp. 112 and 113.

Rents

165. In *Belgium*, the special index figure for housing rents which forms part of the official monthly index of consumer prices rose somewhat more slowly over the period September 1980 to September 1981 than over the preceding 12 months. The more all-embracing general rent index, which also includes heating and lighting costs, rose far more rapidly because of heavy increases in energy costs. This continues a trend already noted in last year's report.¹

It should, however, be borne in mind that increases in housing rents are subject to statutory controls. The rules for 1981—laid down in a Law of 23 December 1980—stipulated a maximum increase of 6% over the rents applicable on 31 December 1980.

In *Denmark*, a 7.5% annual increase in rents was reflected in the increase of the index of rents (taken in consideration in the index of retail price) from 164 to 175, over the period May 1980 to May 1981.

In the *Federal Republic of Germany*, rents increased by 4.2% in the first eight months of 1981 compared with the same period last year. Rents therefore rose at a markedly slower rate than the cost of living (+5.7%). Rent increases for older buildings (+4.9%) were higher than for new dwellings (+3.9%). The smallest rent rise in the first eight months of 1981 was recorded for new privately-financed dwellings (+3.0%).

In *Greece*, the continuous increase of rents to unprecedented heights led the State to intervene and put the rents under control. The result of this intervention, which allowed an increase of 8 to 12%, has been that the rents show an increase rate of a fraction lower than that of the consumer price index.

In *France*, with the decline in house building, there has been an increase in the demand for accommodation not subject to rent control. Rents have risen faster than retail prices and construction costs. There are three types of situation:

- (i) Housing completed before 1 September 1948 and subject to rent control: on 1 July increases of 10% to 13% were authorized.
- (ii) HLM promoters¹ who did not raise their rents on 1 January were authorized to do so on 1 July, by up to 10%.
- (iii) Rents in the uncontrolled sector necessarily vary in line with construction costs, which rose by no more than 11% from the first quarter of 1980 to the first quarter of 1981; yet in certain towns, rents not subject to control sometimes rose to giddy heights.

¹ Social Report 1980, point 180.

TABLE I

Completed housing and proportion of subsidized dwellings¹

Country	Dwellings completed	1976	1977	1978	1979	1980 ²
Belgium³	Total number of dwellings	76 907	73 160	66 532	69 204	47 561
	Number per 1 000 inhabitants	7.8	7.4	6.8	7.0	4.8
	Number of subsidized dwellings	31 553	30 446	33 790	32 734	25 877
	% of total	41.0	41.6	50.8	47.3	54.4
Denmark	Total number of dwellings	39 218	36 276	34 218	36 064	29 882
	Number per 1 000 inhabitants	7.7	7.7	6.7	6.1	5.8
	Number of subsidized dwellings	8 922	6 374	5 501	4 844	7 108
	% of total	22.7	17.6	16.1	15.6	23.8
FR of Germany	Total number of dwellings	392 380	409 012	368 145	358 000	389 000
	Number per 1 000 inhabitants	6.4	6.7	6.0	5.8	6.3
	Number of subsidized dwellings	132 100	129 600	90 225	108 800	97 175
	% of total	33.7	34.1	24.5	30.4	25.0
France	Total number of dwellings	449 000	450 900	440 100	403 600	378 329
	Number per 1 000 inhabitants	8.5	8.4	8.2	7.5	7.0
	Number of subsidized dwellings	316 000	267 000	254 000	211 300	173 897
	% of total	70.4	59.0	57.7	52.4	46.0
Ireland	Total number of dwellings	24 000	24 548	25 444	26 544	27 785
	Number per 1 000 inhabitants	7.6	7.7	7.6	7.9	8.1
	Number of subsidized dwellings	21 053	15 748	19 221	18 317	15 377
	% of total	87.7	64.2	75.6	69.0	55.3
Italy	Total number of dwellings	184 276	149 283	177 320	148 600	247 700
	Number per 1 000 inhabitants	3.3	2.6	3.1	2.6	4.3
	Number of subsidized dwellings	44 000	52 000	48 000	43 300	40 000
	% of total	23.9	34.8	27.1	29.1	16.1

Luxembourg	Total number of dwellings	3 380	2 840	2 530	2 070	1 985
	Number per 1 000 inhabitants	9.2	8.0	7.1	5.7	5.5
	Number of subsidized dwellings	1 140	953	864	769	881
	% of total	33.7	33.2	34.2	37.1	44.4
The Netherlands	Total number of dwellings	106 813	111 047	105 825	87 522	113 756
	Number per 1 000 inhabitants	7.6	8.0	7.6	6.2	8.0
	Number of subsidized dwellings	85 915	83 999	75 269	58 616	84 750
	% of total	80.4	75.6	71.1	67.0	74.5
United Kingdom	Total number of dwellings	324 800	313 500	288 100	22 900	239 096
	Number per 1 000 inhabitants	5.8	5.6	5.2	4.3	4.3
	Number of subsidized dwellings	172 400	172 800	139 100	107 300	109 634
	% of total	53.1	55.1	48.3	44.2	45.9
European Community	Total number of dwellings	1 600 774	1 570 566	1 508 214	1 369 504	1 475 094
	Number per 1 000 inhabitants	6.2	6.1	5.8	5.3	5.6
	Number of subsidized dwellings	811 981	768 920	655 972	585 980	554 699
	% of total	50.7	49.0	43.5	42.8	37.6

¹ Any dwelling, whose cost of construction, purchase or rental is kept at such a level that it can be rented or purchased by financially less-favoured population groups through financial means made available by public authorities (loans, bonuses, subsidies, low interest rates) is regarded as a subsidized dwelling.

² Provisional figures.

³ The figures refer to dwellings whose construction was started.

In *Ireland*, the uniform scheme of differential or income-related rent for local authority dwellings (introduced in 1973) and its national application continues to be operated. The majority of local authority tenants pay under this scheme which is reviewed annually to take account of changes in family circumstances and inflation.

The constitutionality of the Rent Restrictions Act¹ was recently the subject of a Supreme Court hearing and as a result of the Court findings its continued operation in its present rigid form is no longer feasible. The government introduced temporary legislation during the year to fill the statutory void created by the Supreme Court findings.

In *Italy*, the rentable value of the accommodation is assessed in the light of certain parameters: dimensions, standing and location.¹ Calculation of this value, the rate of return and the adjustments authorized over time are not generally in proportion to market values and the cost of money. Consequently, very little accommodation is offered for rent.

In *Luxembourg*, no new measures were introduced in 1981.

In the *Netherlands*, rents were raised by an average of 7.1% with effect from 1 July. This increase was higher than that in the cost of living, which was 6.68%.

In the *United Kingdom*, 1981 was a period for the implementation of the measures introduced by the Housing Act 1980.¹ The first properties were built and let under the 'assured' tenancy scheme, properties were let on 'shorthold' tenancies and the remaining 'controlled' tenancies were integrated into the regulated tenancies system. Local authority rents increased by an average of about 26% between 1979/80 and 1980/81.

Reconstruction and modernization

166. In *Belgium*, figures made available for the period 1971-80 revealed that State support for demolition and reconstruction over that period amounted to no more than 20 613 demolition subsidies and 16 921 redevelopment grants. The signs are that support for renovation projects is at last being accorded greater importance within the framework of existing incentive schemes—the latest evidence for this being changes in the rules for certain schemes.

In *Denmark*, 1981 saw a substantial increase in the public funds set aside for redevelopment and urban renewal work thanks on the one hand to the rapid growth of interest in such work and on the other to the government's determination to promote employment in the building industry.

¹ Social Report 1980, point 180.

The total set aside for 1981 amounted to DKR 477 million.

In the *Federal Republic of Germany*, DM 340 million were set aside in 1981 for subsidies and DM 148 million for low-interest loans. This enabled financial assistance to be granted towards the modernization of some 80 000 dwellings. The projects relate most frequently to the installation of central heating and sanitary facilities, and the improvement of electricity, gas or water installations. On 27 May 1981, the Federal Government adopted, among other measures, the draft law presented by the Federal Finance Minister on the use of building society funds by tenants to modernize their rented dwellings without affecting their tax situation or their eligibility for building premiums.

The major problem is that of older sub-standard housing in *Greece* rather than that of lack of amenities. The latter have been improved considerably by means of private spending, without financial assistance of loans for renovation.

In *France*, there was no change in the policy followed. Reference should be made to the directives laid down under the Eighth Economic and Social Development Plan.¹

In *Ireland*, a new scheme of house improvement grants was announced in October. Under this scheme, grants are being made available for the provision of a fireplace with back-boiler (IRL 600), the provision of a bathroom or fixed shower (IRL 600), the provision of an extra bedroom to relieve overcrowding (IRL 600) and the provision of both a bathroom and a bedroom (IRL 1 000). The amount of the grant in any case cannot exceed two thirds of the cost of the work. The scope of this new scheme seems to be less than that of the previous house-improvement grants discontinued in January 1980.¹

In *Italy*, no new provisions worthy of note were introduced during the period under review.

In *Luxembourg*, there was no large-scale renovation of older dwellings; however, in the course of the year various buildings or groups of buildings were renovated for use as dwellings. Efforts are currently being concentrated on the renovation of historic buildings or buildings of special architectural interest.

In the *Netherlands*, both the number of dwellings being improved and the level of subsidy involved are increasing, particularly in the case of post-war dwellings. Government aid towards improvements was granted as a back-up to the employment programmes, partly on a regional basis.

In the *United Kingdom*, new improvement grant provisions are now in force following the implementation of the Housing Act 1980,¹ including higher eligible

¹ Social Report 1980, point 181.

expense limits, higher rates of grant and a new repairs grant that is specifically aimed towards the repair of pre-1919 houses in need of substantial and structural repair.

Town and country planning

167. In *Belgium*, increasing efforts are being devoted in the public housing sector to the task of town and village improvement. The year under review saw a further increase in the funds set aside for this type of operation.

A joint working party of the National Housing Corporation and the Building Trades Confederation is currently investigating the technical aspects of the problem of urban renewal.

In *Denmark*, physical planning is not conducted on the basis of a national plan in the full sense. Government and Parliament can, however, lay down broad guidelines for regional planning, which is the responsibility of the county authorities or—in the case of Metropolitan Copenhagen—the Metropolitan Authority.

In the *Federal Republic of Germany*, 668 slum clearance and urban development schemes in 522 municipalities were accorded financial support amounting to DM 260 million under the law on the promotion of urban development.¹

In *Greece*, a special Department of Town Planning, Housing and the Environment was created in 1980. Announcements of the new government show that the policy of decentralization will be continued and intensified and that the Department will undertake a more active and coordinating role in the matters for which it is responsible.

In *France*, the inauguration of the new government in May was the signal for the Minister for Town Planning and Housing to announce new policy lines.

The new Minister for Planning and Regional Development laid down the policy to be followed. A two-year plan for 1981/82 is in preparation and will be followed by a five-year plan.

In *Italy*, thought is being given to finding alternative solutions to the rules on expropriation and compensation that have been declared unconstitutional by the Constitutional Court.

In *Ireland* and *Luxembourg*, no new measures were adopted in 1981.

¹ Social Report 1980, point 182.

In the *Netherlands*, a number of laws were adopted in relation to unoccupied buildings, preferential rights and rural and urban redevelopment.

In the *United Kingdom*, local planning authorities have been asked to maintain a five-year supply of land readily available for private housebuilding in line with their approved development plans.¹

¹ Social Report 1980, point 182.

Chapter VII

Family affairs

Trends within the Community

168. Government policy with regard to family allowances varies from country to country within the Community. Whilst allowances for the second and third child are to be reduced in 1982 in the Federal Republic of Germany on account of budgetary restrictions, and similar measures are planned in the Netherlands, the year under review saw a 25% increase in family allowances in France, with a further increase promised for the near future.

In all Member States, however, there is evidence of efforts to curb expenditure on services for families such as home helps and day nurseries. This trend is particularly marked in Denmark, Italy and the United Kingdom. The desire to keep spending in check has led in a number of cases to the postponement or cancellation of new projects, it being easier to abandon plans to finance innovations than to cut existing services.

169. Throughout the Community, the tendency has for some years been to reduce the number of people in residential institutions, caring for them instead in their own homes or families with the assistance of out-patient services and day-care centres. Some governments are now in favour of speeding up movement in this direction both on humanitarian grounds and with a view to economizing resources. One proponent of such a policy is the UK Government, which has published a consultative document entitled 'Care in the community' advocating the transfer of certain chronic invalids, elderly and handicapped people from hospital to community settings together with the transfer of resources for their care from the National Health Service to local authority social services. Adequate financing is essential if efforts to promote care in the community are not to produce a situation such as has arisen in Italy, where public expenditure cuts have prevented the services which were to take the place of hospital care from progressing beyond the drawing board and the drive to 'deinstitutionalize' has forced families to take over once again the task of caring for relatives discharged from psychiatric hospitals, old people's

homes and institutions for the handicapped. In Italy as elsewhere, however, family situations have changed—largely because of the increasing number of women working outside the home—and the public authorities cannot afford to ignore this when they attempt such far-reaching changes in the structure of services.

170. Alignment with the role of women in modern society and the elimination of discrimination between the sexes are underlying goals of the majority of reforms currently underway in the field of family law. That changes have occurred in attitudes to marriage is clear—both from the growing number of unmarried couples and from the high divorce rates prevalent in most Member States (one in every four marriages in the United Kingdom, one in every three in Denmark) and these changes are reflected in reforms in various fields: taxation, custody of and access to children in the event of divorce, parental authority where unmarried persons live together, choice of family name, etc.

Development of the situation in the member countries

Belgium

171. A Royal Decree issued on 18 June 1981 amended the regulations regarding the granting of family allowances in respect of young people who, having completed their studies, are still unemployed but not entitled to unemployment benefit. Secondly, a law passed on 30 June 1981 facilitates the granting of family allowances to salaried workers in part-time employment.¹

The government's contribution to the cost of running day nurseries and centres for children between the ages of 18 months and 3 years was changed by a Royal Decree issued on 15 July. Its effect was to reduce the staffing levels in these establishments to one nursery nurse for seven children aged under 8 months (instead of one for five children as previously), one nurse for eight children aged 8 to 18 months and one for ten children aged 18 months to 3 years. In view of the number of hours the day nurseries are open (approximately 10 hours per day), the new rules are likely to undermine the standard of child care. The National Labour Council is also studying the question of social security cover as it affects child-minders (caring for children at home).

Under a Royal Decree issued on 16 November 1981 nursing leave may be replaced by unpaid parental leave for a maximum of three months in the case of civil servants, regardless of sex. In addition, the long-term leave which may be granted

¹ Point 199.

to male or female officials following the birth or adoption of a child has been extended from two to four years, while a Royal Decree of 2 October 1981 eased the rules regarding permission to work part-time granted to certain categories of civil servants for personal or family reasons.

A law was passed on 14 May 1981 amending the provisions governing the right of inheritance of a surviving spouse. The new law considerably extends the latter's rights, giving him or her usufruct of the entire estate where there are children or, where there are no children, usufruct of the deceased's personal property and full ownership of any joint assets. In addition, a draft law has been presented with a view to reducing the length of *de facto* separation required to obtain a divorce from 10 years to five.

In 1980 there were 203 home help services in operation (providing care at home for families and the elderly), employing 11 712 persons and receiving more than BFR 2 995 million in subsidies.

Denmark

172. The Child Welfare Commission published its overall report in May.¹ One of its key findings is that Danish society has often failed to cater adequately for young children. Among other things, it highlights problems stemming from the long hours working parents spend away from their children, the financial burden of housing expenses in all new housing and the shortage of places in nursery schools and day nurseries. It puts forward proposals to improve measures to help young children, such as enabling their parents to work no more than six hours per day and reducing nursery school fees for low-income families. Parliament held a debate on this report in October.

The rules governing advances on maintenance payments in respect of children were changed on 1 August 1981 to relieve those eligible of the need to submit an application on every occasion.

The Law of 29 April 1981 on surnames, which enters into force on 1 April 1982, establishes the principle of equal treatment for men and women and for legitimate and illegitimate children in this matter. Under the law, both spouses retain their surname on getting married but either may adopt the other's surname, with the partner's consent, by making a declaration to this effect to the authority officiating at the marriage. The law stipulates that where parents do not have the same surname they are required within six months to inform the authorities as to which

¹ Social Report 1980, point 188.

surname the child will use; in the absence of such a declaration the child receives his mother's surname.

In June the Minister of Justice set up a working party to draw up draft amendments to the rules governing parental custody on the basis of the various special reports submitted by the 'marriage commission' (notably the report on cohabitation)¹ and the report by the Child Welfare Commission.

Federal Republic of Germany

173. The lively interest in family policy shown in 1980 waned considerably this year in the face of mounting difficulties in the financing of public expenditure and new measures to help families are unlikely to be taken following a reduction of DM 20 per month in family allowances paid for the second and third child under the 1982 Finance Law. The family associations have protested against this move as, in their view, the reduction would be felt all the more keenly by families as tax relief for dependent children was abolished under the major tax reform of 1975.

However, Lower Saxony went ahead with its plan to award a lump sum of DM 1 000 on the birth of a child; only single mothers with an annual income of less than DM 24 000 and couples with an income of less than DM 36 000 are eligible, however. About DM 56 million has been set aside for these birth grants.

Expenditure on the implementation of the law on advances on maintenance payments² amounted to DM 110.6 million in the 1981 financial year. The law provides for an allowance for children of a divorced or widowed parent where maintenance payments are not forthcoming.

The Federal Government is giving financial support to a series of pilot schemes aimed at creating conditions that are conducive to the proper development of children. One of these schemes is designed to afford advice on family and social problems to parents, especially single parents, who have experienced particular difficulties on the birth of a child or during the first few years of its life and to provide them with material assistance and psycho-social guidance. Another scheme is designed to advise and inform Turkish parents while taking account of their cultural traditions and yet another provides counselling to foster parents.

¹ Social Report 1980, point 188.

² Social Report 1979, point 182.

Greece

174. In addition to increases in family allowances in 1981,¹ major developments took place in the field of family law. Under the 1975 Constitution, all laws containing clauses that discriminate against women must be abolished by 1982; in consequence, a committee has been set up to pave the way for a reform of all articles in the Civil Code which run counter to the principle of equality for men and women and regard women as dependent and requiring protection.

The committee has proposed amendments to 170 articles relating in particular to relations between spouses and between parents and children, the surnames of married women and children and the anachronistic dowry system. However, a draft law tabled in Parliament was not debated before the dissolution in mid-September.

A Presidential Decree issued on 1 October 1981 provided for the creation of 180 new posts for nursery nurses in State child-minding centres. There are 741 of these centres catering for some 45 000 children of working mothers.

France

175. A number of social measures were taken in the wake of the political changes resulting from the presidential and parliamentary elections. These include a 25% increase in family allowances from 1 July, and a 50% increase (to be paid in two instalments on 1 July and on 1 December) in the housing allowance paid to some 3.2 million persons and financed from the family allowances budget. The government announced that it was tabling a draft law defining the framework and objectives of family policy in the years ahead.

The 1982 Finance Law provides for a ceiling on tax concessions under the 'family quotient' system in order to ensure that high income earners do not benefit excessively from tax relief.

From 1 January 1981 an advance on maintenance payments (not exceeding the orphans' allowance) may be made by the family allowances funds to any single person with a dependent child where the debtor has defaulted.

The Economic and Social Council drew up a report and an opinion on child minding. The report outlines the existing arrangements and services and assesses the cost of and demand for child-minding facilities. Furthermore, it concludes that existing facilities are clearly inadequate to meet demand, that parents have a preference for day nurseries (for which there are waiting lists) and that more and

¹ Point 202.

more children are attending nursery school from the age of two. This Council has also adopted a report and an opinion on family policy (presented by the President of the National Union of Family Associations (UNAF)) which, among other measures, calls for simplification of the family allowances system and the formulation of an outline law on various aspects of family policy.

Ireland

176. In addition to the increase in children's allowances, mention should be made of the introduction in April 1981 of new legislation on maternity protection.¹

The final report of the Task Force on Child Care Services, established by the Minister for Health in 1974, has been published. The report contains recommendations on the administrative structures and services concerned with children in relation to housing, environment, income maintenance, education, health and the law. The national committee responsible for staffing estimates for the social services considers that, on the basis of this report, the number of social workers in the child care services would have to be increased by 600 over the next 10 years.

In April the Minister for Labour set up a Working Party on Child Care Facilities for the supervision and education of the children of working parents, to examine in particular requirements in this field, parental attitudes, the legislation to be introduced and staff training. It will submit its report to the government in 1982.

Two laws concerning family affairs were passed in June; one abolishing certain anachronistic practices, such as actions for breach of promise of marriage, and another providing further protection for spouses and children, in particular with regard to court orders barring a spouse from the family home (usually because of violence). The Courts Act 1981 also brings many family matters into the jurisdiction of the lower courts rather than the High Court, thus making it possible to settle matters by a swifter and less costly procedure.

Italy

177. The National Family Commission established in 1980 set up working parties on the following subjects: living conditions of families and their needs; economic and fiscal problems; the relationship between working time, the family and the organization of services; the situation of women, and family law.

In the referendum of 17 May 1981 concerning the 1978 law on the voluntary termination of pregnancy, voters were asked to consider two proposals, one

¹ Points 139 and 204.

extending the number of cases in which the termination of pregnancy can be authorized, and the other restricting authorization to abortion on health grounds. As the two proposals were rejected, the Law of 1978 remains in force.

Because of public expenditure cuts, home help services for families in difficulty, which are already inadequate in relation to needs, are being curtailed in some regions. The network of services conceived as alternatives to hospitalization is still essentially at the planning stage while families, as a result of well-founded measures to cut down the numbers of people in institutions, have once again been obliged to provide care and help for their own members discharged from psychiatric hospitals, old people's homes, institutions for the handicapped, etc.—a task which used to be the responsibility of the State.

Luxembourg

178. The draft budget for 1982 provides for an increase in family allowances for the third and each subsequent child, as well as in the cost-of-living allowance.

A Law of 27 March 1981 extends National Solidarity Fund cover to new categories of beneficiaries, especially single fathers or mothers looking after two children or one invalid child (the former provisions covered only widows and divorced or separated women), whose income is below a level specified by the law.

A Law of 30 April 1981 supplements the legislation on adoption. Up to now, only children who had been fully adopted by both spouses obtained a birth certificate identical to that for a legitimate child; from now on, this will also apply to children adopted by one spouse. Moreover, children adopted before the 1975 reform will also be able to obtain a birth certificate which does not indicate that they have been adopted.

A Grand-Ducal Regulation of 28 January 1981 on income tax affords certain categories of taxpayers, particularly the handicapped, a flat-rate tax allowance for the cost of home helps or child minders.

The Netherlands

179. Twenty-five experimental projects financed by the relevant ministries are in progress, some involving the care of children outside normal school hours and others the care of children under six from ethnic minorities. Other projects, still in the planning stage, concern day centres for handicapped children and care in host families.

The government put before Parliament a draft law which will give natural children the same rights as legitimate children as regards their parents' estate. A draft law

aimed at improving the provisions governing the right of divorced parents to visit their children was also presented. This draft, which was drawn up with the interests of the children as the prime consideration, lays down that the court must consult the child regarding the exercise of this right as soon as it reaches the age of 12, and that the spouse with custody over the child must respect the other spouse's right to see the child, failure to do so resulting in loss of custody. This draft was adopted by the second Chamber of the States General.

After the completion of a study on the social and legal problems faced by unmarried couples, a survey was undertaken on marital relationships; at the same time, a study was made of the reasons for divorce. The aim of these studies is to arrive at a legal framework for the main forms of association between individuals. The Minister for Justice has already drawn up draft legislation governing the question of succession where unmarried persons live together.

The draft general law on equal treatment presented by the government¹ aims, among other things, to abolish discrimination between married persons, unmarried persons living together and persons living alone.

The position of single persons is being given special attention by the Ministry of Cultural Affairs, Recreation and Social Work, which has set up a coordination group to study measures to be taken in respect of such persons. The first report by this group contains concrete proposals to improve their situation. A 'platform' for organizations for single persons was formulated and the Ministry made a number of posts available.

In March 1981, the interministerial committee on the recovery of maintenance payments advised the Minister for Justice not to set up a body or authority responsible for the recovery and payment of alimony.

United Kingdom

180. The weekly rate of child benefit was increased from UKL 4.75 to UKL 5.25 for each child and the weekly rate of the supplement paid to one-parent families (re-named 'one-parent benefit' in April) was raised from UKL 3 to UKL 3.30.

The government's strategy, which is to hold public expenditure at its 1978-79 level and then gradually reduce it, and encourage the privatization of certain public sector activities, has forced the local authorities in many cases to cut expenditure on day nurseries, nursery schools, home help services, clubs for the elderly and the like.

¹ Point 142.

A debate was opened, particularly after publication of the government's discussion papers such as 'Care in the community', on the trend towards reducing the number of people placed in institutions and caring for them instead in the community, making them once more the responsibility of the family. In considering this question, account should be taken of the high proportion of women in employment; in 1980, 54% of women with dependent children were working, but—and this is no doubt due to the lack of nursery facilities—only 7% of mothers with a child under the age of five were working full-time while 23% were working part-time.

The Study Commission on the Family, an independent body which aims to promote and contribute to discussions on questions of importance to family life in Britain today, published an interim report entitled 'Family finances' on the financial circumstances of families. The report noted that only 40% of one-parent families (12% of all families) have wages or salaries as their main source of income. It also observed that many families are increasingly dependent on the contribution made by the wife's earnings to the family budget, so much so that the number of families in poverty would increase threefold were it not for the wife's earnings. Some 3 540 000 children live in families with incomes at or below a level 40% above the supplementary benefit line. Proposals for future reforms will shortly be put forward.

The government has granted financial support for over two years to a new voluntary organization, called the Family Forum, the main aims of which are to provide information on family matters and encourage local activities of benefit to families.

In December 1980, the government published a discussion paper on the taxation of husband and wife which considers criticisms of the present system and suggests alternatives. The Equal Opportunities Commission later published its response, stating that the proposed reforms were inadequate as a basis for a system free of sex discrimination.

*Chapter VIII***Social welfare services****Trends within the Community**

182. The policy of curtailing public expenditure, currently being followed by Member States in their fight against inflation and the adverse effects of the economic crisis, continues to pose severe moral problems for governments, since the drive to reduce expenditure in all fields comes at a time of ever-growing needs when increasing numbers of people—notably unemployed school-leavers, workers retiring early and former emigrants returning from their host countries—are being forced, precisely because of the poor economic situation, to fall back on social assistance. The need for more extensive welfare provision has been underlined by certain problems such as racism and nationalism which, whilst not new, have not previously manifested themselves with such virulence. The paradox is that whilst coherent, well-coordinated welfare provision is essential in such a situation, the policy of staff cuts (via natural wastage or the actual abolition of jobs) at present being applied in some Member States undermines the standing and effectiveness of the social services.

183. Whilst in general the level of welfare provision fell over the period under review, governments did make special efforts on behalf of certain groups. In particular, numerous measures were taken during this International Year of Disabled Persons with a view to enabling the handicapped to enjoy greater independence. Information campaigns designed to make the families of elderly people more aware of the latter's needs were also a feature of 1981 and governments—recognizing that extension of the period for which care can be provided at home delays the greater expense consequent on placement in a residential institution—generally increased their spending on this sector of the public social services in 1981.

184. It should, however, be noted that the social services remain a frequent cause for controversy both within parliaments and amongst the population at large, this in turn leading to the establishment of committees of inquiry and working parties to look into various aspects of the question. Mention should be made here of the

implementation of certain ideas emerging from debate on the role of the social services—notably the Children's Initiative in the United Kingdom and the programme of summer holidays in tourist centres launched for the benefit of elderly people from the Italian regions. As far as France is concerned, attention should be drawn to the studies carried out with a view to facilitating the occupational and social integration of young people.

Development of the situation in the member countries

Belgium

185. In addition to their traditional role of providing assistance and organizing services (meals-on-wheels, care at home, etc.) for the population, the public social welfare centres also made substantial efforts in the following fields:

- (i) community work aimed at helping 'marginal' individuals and groups to improve their own living conditions;
- (ii) youth work in a non-institutional context aimed at helping young people to find solutions to their personal problems and coordinating local action to cure or prevent problems for young people.

In terms of legislation, the initiatives most worthy of note were those relating to the handicapped:

- (i) the Royal Decree of 9 July establishing a National Council for the Handicapped to consider all matters affecting their interests;
- (ii) the Royal Decree of 5 November changing the conditions under which special employment subsidies (*primes d'adaptation*) are granted so as to make them available also to firms recruiting handicapped workers. This last measure went some way towards meeting the National Labour Council's wish that handicapped people be accorded special priority within the framework of the job-creation programme.

Denmark

186. The changes made on 16 June 1980 to the law on social assistance (*bistandsloven*) prompted a series of debates and discussions in the Folketing and at local level on the extent of assistance to be made available to the needy. In the last few years, the government set up commissions of inquiry on low incomes, children, the elderly and young people. The conference held in June on the initiative of the Minister for Social Affairs reflected a desire to stimulate new ideas in the field of social welfare services.

One positive outcome of the discussions was the improvement in assistance to families with handicapped children. The conditions governing the payment of assistance towards caring for such children at home have been considerably broadened by a ministerial circular issued at the beginning of the year. This circular rejects the rigid interpretation of the letter of the law that some local authorities had applied with the result that assistance was a function of the recipient's means rather than of the extra expenditure incurred. The organizations representing handicapped persons protested against such reduction of assistance to the handicapped in the International Year of Disabled Persons.

A new interim report by the commission on the elderly published in April concludes the second stage in this body's work¹ and deals with 'living conditions which have a considerable impact on the situation of the elderly'. The third stage of its work will focus on formulating a coherent policy for the elderly and on certain priority measures.

The Social Research Institute devoted three publications to the problems of the elderly, as evidenced by the findings of its 1977 study.

Federal Republic of Germany

187. Subsistence allowances paid under the Federal Law on social assistance were raised to DM 328 per month for a single person (Federal average). According to the latest figures available, expenditure on social assistance in 1980 amounted to DM 13 300 million, an increase of 9.4% over 1979. The slowdown in the rate of increase of this expenditure was therefore not maintained. Some 2.1 million persons received social assistance in 1980.

The number of social centres (Sozialstationen) continued to grow in 1981. Estimates put the total at 1 240² in the eight *Länder* concerned (this service is not available in the city states). The centres provide non-residential care and medical treatment to the sick and elderly. A study by the Federal Ministry for Youth, Family Affairs and Health, which was designed to ascertain the circumstances of people requiring care at home, showed that there is considerable scope for expanding the activities of these centres and that some 1.5 million persons, of whom two-thirds were over the age of 60, were in need of such care. At present, only 3% of these persons can be fully catered for in the social centres, whilst a further 9% receive part of the care they need; the overwhelming majority are looked after by members of their immediate family, which places a heavy burden on the latter, particularly in

¹ Social Report 1980, point 201.

² Social Report 1980, point 202.

emergencies. The Minister will urge the *Länder* and the local authorities to promote the expansion of these centres.

The Federal Government's special youth programme budget amounted in 1981 to DM 123.8 million. Constantly adapted to meet changing needs by means of flexible directives, this programme gives particular support to the work of private institutions catering for young people. Despite the decline in the number of children and young people, public aid for this section of the population amounted to DM 5 321 million in 1980, an increase of 11.6% over 1979.

In 1981, the government stepped up its measures to help the elderly and arrangements for integrating social welfare services for this group have been completed. The number of semi-residential social welfare units for the elderly was increased. However, this sector of social assistance will also be affected by the cutbacks.

The German Association of Social Workers, which is apprehensive about the future of the social welfare service in general, believes that the cutbacks made to tackle the mounting problems in this area will effectively reduce the provision of services in some areas to an unacceptable level. Vacant posts are no longer being filled, while others are being abolished altogether. At present, 3 600 out of a total of 45 600 social workers are without a job.

Greece

188. One of the priority tasks of the new government elected in October is to ensure proper planning of social welfare services at regional level so that financial, human and material resources can be more equitably distributed. A report by the Economic Planning and Research Centre underlined the need to decentralize welfare services in the Athens region. The Centre conducted a thoroughgoing analysis of the Greek health and social services at the beginning of the year. The draft law tabled in Parliament by the Minister for Social Affairs has the same aim in view. Among other things, it proposes qualitative and quantitative improvements in the provision of services involving the creation of regional councils whose task it will be to diversify social assistance and raise the level of training of social workers. Much remains to be done in this latter field as Greece has only five schools (two of which are State schools giving free tuition) for the training of social workers and the level of qualification is well below university standard (as the Social Workers Association has been pointing out since 1972).

Social workers employed by the Ministry of Social Affairs work in centres in the 52 prefectures. Their tasks include working in clinics for the mentally handicapped, day nurseries, the probation service and homes for the elderly or the handicapped. Social workers in the private sector deal with social problems in firms and work in

private schools for handicapped children. In addition, they work with young delinquents and in conjunction with the Red Cross and the YWCA. Broadly speaking, career prospects are not very bright and the basic starting salary is no more than the average wage of a manual worker.

France

189. A report by Mr Gabriel Oheix, 'Les actions destinées à permettre la résorption progressive des îlots de pauvreté' (Action to facilitate the gradual absorption of pockets of poverty) was delivered to the Prime Minister on 16 March 1981. The report discusses four aims:

- (i) providing resources for people in difficulty,
- (ii) establishing conditions to improve social integration,
- (iii) defining poverty more precisely,
- (iv) improving administrative structures.

Among the 60 or so proposals, the report comes out in favour of extending entitlement to social benefits, providing minimum social support and setting up a social welfare fund. The Ministry of Health and Social Security was given the task of studying the proposed measures and putting them into effect where feasible.

The minimum old-age pension (minimum vieillesse) granted to about 2 million people was raised twice in 1981. It went from FF 1 300 per month at the end of 1980 to FF 1 416.66 on 1 January and FF 1 700 on 1 July—an increase of 31% over the year. At the same time, the income ceiling for entitlement to the minimum pension was raised by 29% for single people and 40% for couples. The easing of conditions for old-age insurance for mothers of families and single women which came into effect on 1 January, should be noted—as should those for entitlement to the *secours viager* (non-contributory survivors' pension). Home help for the elderly to reduce the number of needless hospital admissions can now be provided, subject to prior authorization from the *préfecture*.

The special effort on behalf of the handicapped this year was reflected in a 50% increase in appropriations to promote occupational reintegration (sheltered workshops, centres distributing home work, etc.).

Ireland

190. The major developments in the field of social assistance in April 1981 were as follows:

- (i) a 20 to 25% increase in the weekly allowances for adult dependants, together with a 10% increase in those for dependent children (these rates went up once again by 3-5% in October);
- (ii) extension of the free telephone rental scheme (applicable to pensioners aged 66 and over who live either alone or with one or more incapacitated persons) to residents in receipt of United Kingdom national insurance retirement pensions and to those under 66 in receipt of the disabled person's maintenance allowance (or from July 1981 the invalidity pension);
- (iii) abolition of the 15 years' residence condition previously applicable to all claimants of old age and blind person's pensions.

The value of weekly fuel vouchers issued under the free fuel scheme instituted last year has twice been revised in 1981: in February it was increased from IRL 2 to IRL 3 and since October it is IRL 4. These vouchers can be used to buy any kind of fuel or to pay electricity bills.

The Review Body on Policies and Programmes for Travelling People, set up in January 1981 by the Minister for Health and the Environment to review current policies and programmes in relation to services and support for travelling people and to make recommendations concerning adequate social services to cater for their needs, is at a late stage of its deliberations and expects to report at the end of the year.

The National Manpower Planning Committee for Personal Social Services, which held its inaugural meeting in February 1979 after having been established by the Minister for Health to assist in estimating the numbers and training needs in the personal social services (including social workers) has handed in its first report (as yet unpublished) dealing with the number of social workers and their training needs. The Committee is at present finalizing its report on child care workers and this will deal with recruiting social workers needed to implement the recommendations of the Task Force on Child Care Services published in April.

Italy

191. The lack of general guidelines on social welfare since the outline law was blocked in the Senate is one of the main concerns in the area of social policy. The law aims to coordinate and integrate the social and health services under a single national council which will present proposals to the government on the main lines of its health and welfare policy. The local authorities will be responsible for providing most of the health and social services, while the government reserves the right to guide and coordinate apart from direct intervention in particular cases (such as national disasters and in favour of refugees).

In the absence of national social welfare rules, the regions have continued to adopt local laws reorganizing their social and health services. The law drafted by the Basilicata region reflects the subjects discussed in Parliament and leaves the provinces with responsibility only for illegitimate children, the blind, and the deaf and dumb. The Lazio draft law, which has not yet been adopted, provides for the reorganization of all aspects of health and welfare under local bodies, 'Unità locali dei servizi sociali e sanitari (ULSSS)' (local health and welfare units), while the communes continue to be responsible for providing certain services, such as home help, to the marginal population which housing policy renders directly chargeable to their budgets. The Lazio draft law is of particular interest in that it leaves the user free to choose between all the types of socio-health services available at regional level. Certain forms of local health unit set up in particular regions to administer (despite the absence of a national law) social welfare activities have been emulated by other regions. Liguria has adopted a mixed form and Puglia expects to table a draft law in the near future.

Some regions have already taken the initiative of setting up leisure and culture centres for the elderly, others have organized house-to-house visits by welfare workers trained in psychology and physiotherapy; one of the most praiseworthy projects is the organization of free summer holidays for elderly persons in hotels in tourist areas. In Rome such holidays were organized for nearly 7 500 people in 1981.

Luxembourg

192. In March 1981, the public authorities set up a national committee to promote and coordinate activities planned in connection with the International Year of Disabled Persons. The committee's task was to make the public aware of the fundamental problems of handicapped persons and to enable the handicapped to put forward their point of view. The Law of 27 March amending the Law of 16 April 1979 on the special allowance for severely handicapped persons will simplify formalities, making it easier to establish whether an applicant's disability meets the conditions laid down, with the result that his case can be dealt with more quickly. By the ministerial Regulation of 2 June, the Minister for Transport supplemented the Regulation of 12 December 1977 on the use of the special 'physically handicapped' sign by bringing it into line with similar signs in other European countries. Finally, it should be mentioned that when the UEBL¹ was renewed in March for 10 years, the two governments decided to establish a home for severely handicapped persons for the joint use of their respective countries.

¹ *Union économique belgo-luxembourgeoise* (Belgo-Luxembourg Economic Union).

A Grand-Ducal Regulation of 17 March 1981 raised the income ceiling for entitlement to the supplementary allowance granted to certain categories of persons drawing annuities and pensions to LFR 75 000 per year (as at index 100, base year 1948). This allowance was raised twice by Grand-Ducal Regulation, on 1 January and 1 September. From LFR 1 400 for single persons at the end of 1980, it went up to LFR 1 600 and then to LFR 1 850; the allowance for families went up from LFR 2 100 at the end of 1980 to LFR 2 400 on 1 January 1981 and LFR 2 775 on 1 September.

The Netherlands

193. Because of the worsening economic situation, a number of measures were taken in the Netherlands to limit public expenditure on social security and social welfare.

The rates of minimum wages for the young, which serve as a reference when calculating the minimum amounts of social benefits, were thus reduced on 1 January 1981. The benefits provided for in the general outline law on social aid have been reviewed so as to bring them in line with the reasonable financial expectation of young workers. Furthermore those aged 16-21, who are looking for employment after leaving school, have to wait six months before being paid any benefit, but the right of their parents to child allowances is, in their case, extended another six months. According to the Statistical Office of the Netherlands, more than 382 000 persons were receiving social welfare benefits at the end of the first quarter of 1981 (32 000 more than 12 months previously).

The adoption by Parliament of the framework law on social welfare¹ represented an important step towards the introduction of a new social welfare policy in those areas not yet covered by legislation; the new law aims at improving coordination between the services involved and matching supply and demand. These objectives are to be achieved by delegating decision-making powers to local and regional authorities and drawing up four-year plans and annual programmes in consultation with the communities and institutions concerned. Transitional measures and experiments carried out in a dozen test areas have already made it possible to try out this new method in certain aspects of the social welfare system.

In 1981 the programme for job creation in public services made it possible to create over 3 900 jobs in those sectors subsidized by the Ministry of Cultural Affairs, Recreation and Social Work. Most of these fell to the social services and include home helps, day nursery personnel, jobs for helping out the elderly and other householders. In the matter of helping households, about a hundred of the new jobs

¹ Social Report 1979, point 201.

have been reserved for social workers working on projects in favour of cultural minorities.

The Dutch association of social workers is very concerned about the growing wave of criticism—indiscriminate in its view—which calls in question the value of social work. The association has set up an advisory council (which includes Members of Parliament and a number of university professors) to obtain opinions which will help it to formulate a coherent policy:

In its report entitled 'Problems of the future', the Social and Cultural Planning Office maintains that assistance for the elderly is too often determined on the basis of formal criteria and too little account is taken of other factors such as housing and help given by family members or volunteers. The report puts forward the view that the services provided by old people's homes should also be extended to elderly people living at home. This suggestion is in line with proposals put forward by the national association of old people's homes. In view of budgetary restrictions, the Ministry of Cultural Affairs, Recreation and Social Work also feels that in future elderly people will have to rely more on themselves and those near to them.

United Kingdom

194. The government's constraints on local authority spending have adversely affected the services provided by those authorities to population groups in need of care. Many services have been reduced through public spending cutbacks and charging policies have been either introduced or extended: as a means of maintaining services a small charge for home help is now common and charges in day nurseries and day centres for old people have increased. The government's philosophy in social welfare is now to shift the accent from institutional care to care in the community by the community. Since the number of elderly people is rising, increasing amounts of care and support will be needed; the government took the view in a White Paper published in March that the development of services for the elderly was dependent on an improvement of the economy and that the primary role of the public services was to provide a framework of support to help people to care for themselves.

The discussions and debates initiated by the Department of Health and Social Security in 1981 reflect the government's continued awareness of the problems caused by the reduction of public expenditure in the social field. Noteworthy among these is the Children's Initiative launched in December 1980 with the aim of getting long-stay children out of large mental handicap hospitals. A conference was held to demonstrate various schemes and the government offered UKL 1 million to match a similar amount raised by voluntary organizations to help effect the transfer. The concern about mental health also prompted the introduction of legislation

to provide safeguards against long-term detention without appeal and against the misuse of drug treatment and ECT. The bill now before Parliament also provides for higher levels of qualification for social workers involved in the admission process.

Certain groups such as the disabled received a measure of special attention from the government during the period under review. In this International Year of Disabled Persons, mobility allowances were increased by 14% above the rate of increase for other benefits and VAT relief was granted on adaptations to cars for the disabled. Invalidity allowances paid with invalidity pensions went up by more than the rate of inflation to restore the 5% abatement made in November 1980 and the invalid care allowance (UKL 16.30 per week) was extended to include friends as well as relatives from June 1981. Finally, the blind person's allowance was doubled (from UKL 180 to UKL 360) in the course of the year.

Chapter IX

Social security

Trends within the Community

196. The year under review saw the hundredth anniversary of social insurance in the Federal Republic of Germany. Since its origins as a scheme providing protection against a limited number of risks for certain disadvantaged social groups only, social insurance has extended its coverage steadily not only in the Federal Republic but throughout Europe. The pace of development speeded up further after the Second World War with the acceptance of the broader concept of social security. As a result, coverage in the Member States of the Community now extends, in fact if not in law, to more or less the whole population. At the same time, income redistribution via social security has reached levels of between 20% and 30% of GDP in these countries. Social protection institutions have thus come, in the hundred years since their modest beginnings, to represent one of the characteristic features of European political systems. Nevertheless, as can be seen from the review of developments in the individual countries, these institutions are now facing very serious difficulties—difficulties which some people would cite as grounds for calling into question their very existence. The whole Welfare State concept is in a sense on trial.

The present difficulties are, however, far more the result of the economic crisis than of problems within the social protection system. The slowdown in economic activity and the consequent high level of unemployment would, in fact, seem to constitute the main, immediate cause of the difficulties with which social security is having to cope.

Until the crisis, social security schemes were able to bear the cost of a certain volume of unemployment without difficulty. With unemployment now running at three or even four times its pre-crisis level, however, they can no longer cope. Not only is the number of unemployed to whom benefit must be paid now larger; there is also a substantial loss of revenue in terms of contributions and taxes which may actually amount to more than the cost of paying unemployment benefit.

Social security schemes are thus being called on to meet a heavy increase in expenditure at the very time when revenue is growing more slowly—or indeed declining in relative terms. Imbalances are inevitable in this situation.

The problems are further accentuated by the continued rapid growth of expenditure on health care and the irreversible increase in social protection expenditure (on pensions, health care and other forms of assistance for the elderly) brought about by the ageing of the population.

197. In spite of its high cost to society, the extension of coverage to ever broader sections of the population, progressive increases in benefits and the introduction of arrangements for their indexation, social security remains a relatively ineffective instrument for the redistribution of resources. Whilst the system works well as far as the transfer of resources from the working to the non-working population is concerned, the same cannot be said with regard to the redistribution of income from rich to poor.

As a result, a proportion even of those covered by social security live a precarious existence. Moreover, an individual who has encountered problems at some stage in life is liable to find these compounded by the mechanisms of social security. To take the example of a pensioner, poor qualifications and long periods of unemployment or illness will in due course mean entitlement to only a modest pension because the reference earnings on which the latter is calculated will be low. Such problems are particularly prevalent in the case of women, who are in practice still far from enjoying equality of treatment with men.

Finally, there is universal agreement that social security has failed to resolve the problem of poverty.

It is thus clear that social inequalities remain and that these are being accentuated by the crisis. Some social groups are harder hit by unemployment than others and, increasingly as the present high levels of unemployment persist, new groups are being forced across the boundaries of poverty to join those who traditionally form the poorest sections of society.

It has to be said also that even those actually covered by social security face problems. Aside from their over-complexity, which lead to a bureaucratic and uncomprehending approach, social security schemes suffer from inflexibilities which at times run counter to social needs. Taking a broader view of the question, it can be argued that, since social security schemes have been subject to constant additions and adjustments in line with particular social concerns or economic constraints, what has been gained in terms of meeting the needs of the time has, ultimately, been lost in terms of rationality.

198. The problems outlined above, which the Member States are tackling in varying ways—as can be seen from the review of national measures which follows—call for a reaction on the part of the Community also. Social security is one of the major elements of our common European identity and the severe difficulties through which it is passing at present can be seen in a sense as a challenge to the Community as a whole. The Commission therefore intends within the very near future to initiate a wide-ranging consideration by the Community institutions of the problems conditioning the future of social security in Europe.

Development of the situation in the member countries

Belgium

199. The economic recovery laws adopted on 10 February 1981 include a range of important measures relating to social security, notably:

- (i) provisions designed to improve the financial situation by: (a) raising (and even, in the case of unemployment insurance, temporarily abolishing) contribution assessment ceilings, changing contribution rates (increases for sickness and pension insurance, decreases for family allowances and unemployment) and paying State subsidies on the basis of an overall total for all sectors; (b) increasing contribution rates for the self-employed; (c) introducing a 'solidarity' contribution for civil servants;
- (ii) stricter conditions with regard to early retirement and the aggregation of social security benefits (also applicable to the self-employed);
- (iii) introduction of a ceiling for civil service pensions and restrictions on the combination of such pensions with earned income;
- (iv) measures to improve the situation of certain pensioners, more specifically as regards the minimum guaranteed pension (abolition of discrimination against women), survivors' pensions and flat-rate supplements to take account of changes in the economic situation;
- (v) a temporary freeze on the fees of doctors, dentists, etc.;
- (vi) administrative reorganization.

For its part, the Law of 29 June 1981 lays down general principles for social security for wage and salary earners. The principles adopted are as outlined in relation to the proposals under discussion in 1980.¹ The objective is a more rational system with improved definitions of social security entitlements, simpler administrative

¹ Social Report 1980, point 212.

procedures and more adequate information for those covered. The new arrangements pay special attention to ensuring that the scheme has a more stable financial base and, in more immediate terms, to cutting wage costs via a six-point reduction in the employer's contribution for labour-intensive firms—the latter to be offset in its entirety by a State subsidy (financed by an increase in VAT, notably on luxury goods). The law also allows for the progressive implementation of equal treatment for men and women by means of secondary legislation.

A further law, adopted on 30 June, adjusts the family allowances scheme for wage and salary earners to the requirements of part-time work. Henceforth, the standard monthly rate will be paid to any worker employed for at least 16 days or 80 hours a month. For this purpose, any day on which at least three hours have been worked now counts as a full day (as against the previous threshold of four hours).

Further economy measures were announced in the draft budget for 1982 but these plans lapsed with the fall of the government.

Denmark

200. Retirement, invalidity and survivors' pensions under the statutory schemes were increased in line with wages. As in the case of wages, pensions are adjusted in two stages: from 1 April 1981 by 2% and from 1 April 1982 by 0.5%.

Various notices and circulars have been issued in connection with the new 'social income' which is calculated on the basis of personal income and capital and which it has been agreed to use for purposes of a range of means-tested benefits.

Medicines are divided into two categories for the purpose of calculating the amount to be reimbursed to the insured person. The two lists have been reviewed, with certain medicines switching category and others being removed from the lists altogether. Consequently, some products hitherto reimbursed at 75% of their cost will now be reimbursed at 50% or not at all. However, pensioners will be entitled to a special allowance to meet the cost of medicines.

An action programme was drawn up to alleviate the country's economic difficulties by boosting the competitiveness of firms and curtailing private consumption. Among other things, this programme is intended to check the growth of social security expenditure and calls for a more efficient application of current measures and a better distribution of the financial burdens involved.

It was also decided that the second phase of the payment of sums held in reserve by the pension funds should be deferred; however, DKR 200 million was made available for pensioners' heating allowances from 1 January 1982.

The findings of a commission set up to look into the problems of old people will become available in the near future.

Federal Republic of Germany

201. The Law of 27 July 1981 extends sickness and pension insurance protection to self-employed artists and authors. This scheme is financed by contributions paid half by the insured person and half by the undertakings which distribute their work, plus a contribution from the Federal Government. It is administered by an artists' provident fund.

Another draft law concerns social protection for prisoners and sickness insurance coverage for their families.

The Employment Promotion (Consolidation) Law, the law combating the illegal hiring-out of temporary labour by employment businesses and the second law on the structure of the budget make provision for a number of social security measures to apply from 1982 and designed to safeguard the system and bring it into line with current policy requirements.

In addition new measures have been taken to reduce health expenditure. These include a 5% reduction in dental technicians' fees for one year, a freeze on the fees charged for certain items such as massage treatment, hearing aids and spectacles until the end of 1983, an increase in the insured person's contribution from the present DM 1 to DM 1.50 in the case of medicines and to DM 4 in the case of prostheses, appliances and certain other types of treatment, including spectacles, a reduction in the maximum stay in hospital following confinement from 10 to 6 days and restrictions on cures.

Similarly, the law on measures to limit expenditure on hospital treatment is intended as a means of ensuring that these costs do not exceed available financial resources or the ability of insured persons to contribute.

Pensions will be increased by 5.76% in 1982. From 1983 the pensioners' sickness insurance scheme will be reorganized and individual contributions by pensioners will be introduced. New rules have been introduced on the payment of pensions abroad.

Cash benefits under accident insurance will be increased by 6.5% in 1982.

Greece

202. Various improvements were made during the year on the pensions front. The minimum monthly pension for wage earners paid by the Social Insurance Institution (IKA), which covers some 90% of all workers, was raised from DR 7 140 to DR 8 470 from 1 March 1981 and to DR 9 000 from 1 September 1981.

This increase resulted from the linking of the minimum pension to the minimum wage. In addition, farmers' pensions, which are now granted under more flexible conditions, rose from DR 2 000 a month to DR 3 000 for single persons and from

DR 2 500 to DR 3 750 for couples as of 1 August 1981. The same amounts are also payable to persons over the age of 70 not covered by any scheme and with no other source of income; in addition, they are entitled to health care for themselves and their families.

The principle of linking benefit levels to the minimum wage also applies to benefits other than retirement, invalidity and survivors' pensions: for example, minimum maternity allowances, birth grants and funeral expenses grants. The ceiling for contributions and benefits is also linked to the minimum wage.

A Decree of January 1981 brought improvements to family allowances. These are normally paid up to the age of 18, but may continue to be paid up to the age of 22 if the child has not yet completed his education. In addition, the allowances were increased substantially: from DR 360 to DR 520 per month for the first child, from DR 1 040 to DR 1 820 for the second child, etc.

As regards health care, the two major problems appear to be the uneven geographical distribution of medical facilities and the system's lack of organizational efficiency. There is, therefore, a clear need for general reform.

The new government that emerged from the October elections has yet to spell out its intentions in this field and as regards pensions, where the proliferation of schemes is perpetuating social inequalities between different categories of pensioner.

France

203. The change in government in May was immediately reflected in improved social protection: minimum old-age pensions and allowances for handicapped adults were raised by 20% and family allowances were raised by 25%. The SMIC (statutory minimum wage) was increased and temporary relief introduced in respect of employers' social security contributions (a 6.5-point drop in contributions payable on the lower wage groups).

The additional effort to help the least favoured categories will be maintained in 1982 in the case of elderly, handicapped and disabled people. Family allowances will also be upgraded.

These measures reflect the government's general desire to reorient social security policy in the direction of greater equity. Reforms have been announced in the area of pensions (retirement age), family allowances and the administration and financing of insurance funds. A twofold concern was expressed in this connection: statutory levies should be more fairly distributed and should not impair the employment policy. Strict financial control is all the more necessary since the forecasts for this year, particularly in the area of health expenditure, reveal a shortfall and in

addition, there are plans to reduce social security contributions for small and medium-sized firms. In the circumstances, wage and salary earners' contributions to the sickness insurance scheme had to be increased at the end of the year while the ceiling on some employers' contributions was suppressed.

Other financial contributions are planned (from government, self-employed workers, certain categories of unemployed) together with savings in health expenditure.

At the beginning of the year certain changes were made to the collective agreement on unemployment benefit. A new allowance was introduced for redundant workers aged 56 or over who could not be re-deployed (total amount: 70% of earnings). Financial aid was also granted to workers aged 40 or over who had exhausted their entitlement to allowances.

Ireland

204. Social benefits were increased in April (by 25% in the case of long-term benefits and in many cases about 20% for short-term benefits) while family allowances rose from IRL 4.50 to IRL 6 for the first child and from IRL 7 to IRL 9 for each subsequent child.

Maternity protection measures were introduced which entitle employees to receive 80% of their earnings in the previous year, with a minimum weekly payment of IRL 45.75. Payment will be made over 14 weeks, of which from 4 to 10 weeks precede confinement.

As a first step towards improving the real level of social protection for social welfare recipients, the new government, formed in June 1981, increased all social welfare payments by 3-5% with effect from October 1981. The new government also indicated its intention to present proposals for a general earnings-related pension system, to guarantee the index-linking of social welfare benefits and to expand anti-poverty programmes.

The income ceiling for calculation of pay-related social insurance contributions was raised from IRL 7 000 to IRL 8 500. The income ceiling for calculating redundancy lump-sum payments was also raised to IRL 8 500. All recipients of long-term social welfare benefits received a double payment for one week in December.

Italy

205. Certain provisions intended to curb social security expenditure and increase receipts were implemented under the Law of 26 September 1981.

Firstly, continued entitlement to pension insurance cover is made subject to stricter conditions.

Secondly, contributions to the sickness insurance scheme have been raised for all self-employed workers, while contributions to the pension and industrial accident schemes have gone up for farmers; the minimum contribution has also been increased in the case of wage and salary earners.

It should be added that a Decree Law of 28 May 1981 introduced payment by the insured person of a proportion of the cost of pharmaceutical products. The amount was first fixed at about 20% and later raised to about 30% by a new Decree Law of 26 September 1981.

Improvements in social protection mainly concern pensions where the minimum rate has been raised and index-linked adjustments are now made every four months (1 January, 1 May, 1 September). In addition, under a Law of 27 April 1981, the conditions applying under the temporary early retirement scheme for workers in the industrial sector have been revised (15 years' contributions—55 years of age), and the amount payable includes an increase for length of service with a maximum of five years. This law also introduces several technical changes to social protection measures.

Luxembourg

206. Over and above increases linked to the cost-of-living index, all contributory pensions (schemes for wage and salary earners and for the self-employed) and industrial accident pensions were adjusted in March 1981 in line with the average wage level for 1979. Minimum pensions were also raised.

A Law of 27 March extends National Solidarity Fund cover to single mothers (and fathers) and, in deserving cases, unemployed persons whose entitlement to unemployment benefits has lapsed. Certain improvements were also made to the situation of insured persons who have to undergo medical treatment in another country.

A Regulation of 22 June increases the contribution rate for benefits in kind under sickness insurance from 4.30% to 4.50%; the contribution for cash benefits is, however, reduced by 0.20%. Other increases in contributions (of the order of 0.95%, to be borne by employers) result from the increased burden on the unemployment fund for workers in the steel industry.

A Law of 1 July 1981 makes certain modifications to the pay indexation system (abolition of the advance instalment and delay of one month in applying the procedure). These changes also apply to the adjustment of social security benefits constituting replacement incomes (cash benefit, pensions, etc.).

A number of administrative or financial measures of a technical nature were also taken.

The Netherlands

207. The Law of 24 December 1980 provides for index-linked adjustments at lower rates to family allowances where this is in the interest of the national economy and promotes a balanced improvement in income levels. Accordingly, under the Decree of 19 January, family allowances were increased by 1% instead of 2.45% on 1 January. These allowances were subsequently increased by HFL 15 per quarter for the first child (HFL 7 in the case of an only child) and HFL 3 for the second child (Law of 26 March).

Another Law of 26 March 1981 extends the qualifying period for entitlement to unemployment benefits: insured persons must have worked 130 days during the year preceding unemployment, instead of 65. There are special provisions for part-time workers, musicians and seasonal workers. A Law of 4 June raises the unemployment insurance contribution rates temporarily from 1 to 2 1/2%, while the old-age insurance contribution was increased by 0.50%.

A Law of 4 June, which enters into force on 1 July 1982, makes the principal contractor responsible for the payment of social security contributions and taxes where he engages sub-contractors, to prevent fraud.

The social policy of the new government has still to be clarified. It appears, however, that proposals aimed at further progress with regard to equal treatment of men and women in social security matters will be made. In this connection, on 17 July the Economic and Social Council and the Equality Commission were asked for an opinion on the implementation of this principle in the general old-age insurance system.

United Kingdom

208. A number of improvements were made to the social security system. Entitlement to the invalid care allowance was extended to a wider range of beneficiaries; protection under the miners' scheme was strengthened, and mine workers can now obtain a pension from the age of 50 in the event of redundancy; unemployed persons aged 60 or over who have received benefits for at least 12 months may continue to receive supplementary benefits at the highest rate without registering at the employment exchange, provided that they are not receiving an occupational pension. The various social security benefits were increased in November (in general by 9%) while child benefits rose from UKL 4.75 to UKL 5.25 per week.

It should also be noted that the maternity grant has become a non-contributory benefit, the only condition being residence in the country.

As regards financing, insurance contributions were increased from 6.75% to 7.75% (wage and salary earners) and from 5% to 5.75% (self-employed persons). The wage thresholds and ceilings for liability for contributions were adjusted, while the allocation to the social insurance system from public funds was reduced from 18% to 14.5% of total contributions.

It should be added that unemployment benefit will be liable to income tax from next year.

The government is also planning to have the first eight weeks of sickness benefit paid directly by the employer (rather than by the insurance scheme). Financial compensation would be offered; details of this have to be determined. The question of safeguarding the occupational pension rights of workers who change firms was put unequivocally to employers, with the prospect of mandatory provisions in the absence of suitable private measures under these schemes. Finally, the age of retirement is due to be re-examined in detail in Parliament, in view of both the high level of unemployment and differences in the treatment of men and women.

The financial prospects for social security are giving cause for concern: a deficit is expected for the 1981/82 financial year, as expenditure on unemployment benefits has exceeded earlier forecasts.

Chapter X

Safety, hygiene and health protection at work

Trends within the Community

209. The statutory provisions on safety and health at work passed by the Member States in 1981 can be divided into two main categories.

The first category is the one traditionally devoted to technical equipment, machinery, boilers, lifts, saws, woodworking machines, etc. The second category covers dangerous or toxic chemicals, both at work and in the environment, and regulations have been passed in almost all Member States, in several cases in pursuance of Community directives in these areas.

Member States have been aware of the problems of human factors and safety training; existing legislation has been supplemented by new provisions on safety departments and committees and works' medical services. Particular attention has been paid to small undertakings and to specific sectors such as building and forestry.

There have also been widespread efforts to apply ergonomic principles, particularly in connection with noise reduction, lighting improvements, workplace improvements or dust control.

In agriculture, legislation has been passed in relation to the safety and ergonomic design of wheeled agricultural vehicles and tractors. Measures relating to deep-sea diving have been enacted in the countries concerned with this problem.

Several Member States have given attention to the disabled and introduced regulations to improve their working conditions. Two Member States tackled the problems of humanizing the working environment and improving information on accidents at work.

Development of the situation in the member countries

Belgium

210. The Royal Decrees of 5 December 1980 and 10 August 1981 amended the provisions of the Royal Decree of 10 August 1978¹ on further training for the heads (and deputy heads) of the industrial services responsible for occupational safety and health and workplace improvements. There are changes in the branches of training approved and an extension to the period within which the head (or deputy head) who has been trained in accordance with the provisions must be appointed.

The Royal Decree of 13 February 1981 amends and supplements the provisions of the general regulations on health and safety at work relating to the list of toxic substances and the properties of specific substances.

According to the Royal Decree of 15 May 1981, it is not permissible to call an employee to the work's medical service outside working hours or while his contract of employment is in abeyance.

Work on reforms in the following areas has continued and in some cases is almost complete: boiler plants; safety requirements for grinding machines; power-driven machines; manufacture of safety belts of synthetic fibres; classification of inflammable liquids; extension of the field of application of provisions on workers' safety and health and stricter punishments for infraction; shoes with non-slip soles; containers for compressed, liquefied and pressurized gases; various amendments to the provisions of the general regulations on health and safety at work including those relating to disabled persons and to sanitary installations.

Denmark

211. A considerable amount of legislation was passed in the year under review. The Ministry of Labour Order of 19 November 1980 incorporated Community Directives 77/576/EEC of 25 July 1977 and 79/640/EEC of 21 June 1979 on safety signs at the workplace into the national legislation. The framework Order of 18 December 1980 on lifts, hoists, escalators, etc. and the supplementary orders on the construction of lift installations and assembly work on lifts of the same date represent a temporary measure in this field which to some extent anticipates the coming Community directives. The Order of 22 January 1981 lays down requirements for the installation and use of supplementary equipment. The Decree of 26 February 1981 lays down provisions and rules for the safety training of the heads

¹ Social Report 1978, point 219.

and members of occupational safety and health services. The Order of 2 June 1981 deals with occupational safety in connection with road transport, taking into consideration international agreements and Community instruments. The Order of 14 September 1981 sets out the purpose of the register of substances etc. which have to be declared in accordance with various legal provisions on protection of the environment, including the working environment; this is a joint register, coming under the Ministries of Labour and of the Environment. In addition to general conditions of registration and storage, the order contains provisions on trade and manufacturing secrets, professional confidentiality and the distribution of information. Many further regulations on health and safety at work and environmental protection are in the pipeline.

The director of the Industrial Inspectorate reduced the number and scope of centrally-controlled activities in the year under review, which meant that inspection work became more intensive and there was an increase in the number of visits to small undertakings. Large-scale campaigns were nevertheless conducted on air-pollution control and safety measures in woodworking. Many aspects of occupational safety and health were also covered at regional level.

Since 1 July 1981, undertakings in the construction industry have also been obliged to set up occupational medical services. A total of approximately 360 000 workers are now covered by the occupational health services, which means that the objectives for the first five-year period in the establishment of occupational medical services have been achieved. Further health protection measures to be taken in the period up to 1988 are being prepared.

Federal Republic of Germany

212. To supplement the Order concerning workplaces of 20 March 1975¹ a new directive on workplaces concerning artificial lighting in the open air was published and the directive on workplaces concerning safety lighting was revised.

By means of the second order (now passing through the legislative process) to amend the order on dangerous working substances, the Working Substances Order² is being adapted to conform with the Chemicals Act, its area of application is being extended to surface plant and surface workings in the mining industry and Directive 80/876/EEC³ is being incorporated in national legislation.

In application of the Order on incidents² which came into force on 1 September 1980 the first general administrative Regulation of 23 April 1981 contains rules on

¹ Social Report 1975, point 227.

² Social Report 1980, point 224.

³ Concerning straight ammonium nitrate fertilizers of high ammonium content. OJ L 250, 23.9.1980.

the scope of application of the order, on the granting of derogations and the information to be provided by the operator. A second general administrative regulation on safety analyses is in preparation.

The following orders relate to the application of the Chemicals Act of 16 September 1980¹ and will be issued in the near future: order on the testing of new substances, order on the provisional inventory of old substances and order on the dangerous features of substances and preparations.

With the second Order of 26 November 1980 on the safety of equipment Directive 79/663/EEC of 24 July 1979 on dangerous substances in ornaments has been incorporated into German law.

Under the action programme on research into the humanization of the working environment, started in 1974,² the following priorities were examined: accidents, occupational diseases, occupational health, dangerous working substances, noise, ergonomics, technological development, special stresses, organization of working life and the use of research results.

Investigation of shift-work, the effects of dangerous working substances and measures to reduce noise were given special attention, as in previous years. The attempts to obtain information on the health effects of different types of work from the records of various social insurance bodies were continued.

The Federal Centre for the Humanization of the Working Environment, founded in 1980¹ to improve the dissemination of research results, concentrated on the following topics: noise, office and administrative work, workplaces in the retail trade, transport and traffic within undertakings, dangerous working substances, municipal cleansing and local authority drainage, welding workplaces, design of working seats, night and shift-work, forestry, workplaces for the disabled, the cost of accidents at work and personal means of protection. The Federal Centre publishes information, organizes seminars and gives advice to employers.

Greece

213. On 12 May 1981 a national general collective agreement was concluded for the electrical and mining industries. Under this agreement undertakings employing more than 500 persons must establish workplace health and safety committees with an equal number of employer and employee representatives. There are, however, not many undertakings of this size. In firms employing more than 30 persons committees of this sort can be established at the employer's initiative. The

¹ Social Report 1980, point 224.

² Social Report 1975, point 227.

agreement further provides for the establishment of a central committee on health and safety at work in Athens, which will consist of seven members—three employers and three employees with a chairman who is a known public figure nominated jointly by the other members. The task of the central committee is to supervise and promote the implementation of the new collective agreement.

In the year under review, the following International Labour Office Conventions were ratified: 73 on the medical examination of seamen (13 February 1981), 77 on the medical examination of young persons in industry, 78 on the medical examination of young persons in non-industrial occupations and 124 on the medical examination of young persons in underground works (all on 13 July 1981).

Legislation on the control of environmental pollution and harmful effects at the workplace has not yet been enacted in view of considerable differences of opinion among those involved.

France

214. The Decrees of 15 July 1980¹ on general health and safety regulations for dangerous machinery were supplemented by the two Decrees of 20 February and 15 April 1981 laying down special provisions for the following items: circular saws, surfacing machines, planers, band saws, milling cutters, slotters, multi-purpose machines and machines with multiple rotary heads; these provisions apply also to agriculture.

To simplify the administrative work, the Decree of 20 May 1981 transferred the right to grant exemptions to provisions on health and safety in the labour code—which had previously been exercised by the Minister for Labour—to the regional directors for labour and employment.

Action is being planned to improve the participation of both sides of industry in accident prevention. Furthermore, provisions in implementation of the Law on accident prevention of 6 December 1976² are in preparation, dealing with the control of harmful dusts, noise control, workplace lighting and ventilation of industrial, commercial and agricultural buildings. Finally, the list of concentrations of dangerous substances is to be updated.

Legislative action in the field of safety and health in agriculture was also extensive. The Decree of 30 October 1980 extended the general provisions of the labour code on safety and health to agriculture. New conditions of approval were laid down in the Decree of 24 December 1980 for wheeled agricultural and forestry tractors and

¹ Social Report 1980, point 225.

² Social Report 1976, point 216.

in the Decree of 10 February 1981 for portable power chain saws. Three decrees issued by the Minister for Labour extend to agriculture, taking the specific characteristics thereof into account, the scope of the following industrial provisions: protection of employees in undertakings using electric current; protective measures in undertakings carrying out construction work; handling of explosives. The inclusion of agriculture in the scope of various provisions on the safety of machinery has already been mentioned. Further decrees cover the testing of portable power chain saws (13 March 1981), the testing of power take-off shafts and their protective devices for use in agriculture (31 March 1981), the approval of tractor roll bars and the static testing of these (30 October 1980/6 July 1981), the testing of power take-off shafts (7 August 1981), incorporation of Directive 80/720/EEC of 24 June 1980 relating to the operating space, access to the position and the doors and windows of wheeled agricultural or forestry tractors (2 April 1981) and applications for approval of test certificates for dangerous agricultural equipment (24 August 1981). Many further decrees in this sector are being drawn up.

Mention should also be made of the efforts of the accident insurance institutions to improve accident prevention, both generally (e.g. through television programmes) and by informing and training the persons responsible.

Ireland

215. In January 1981 the European Communities (Paints, etc.) (Classification, Packaging and Labelling) Regulations 1980 were brought into operation, giving effect to Directive 77/728/EEC of 7 November 1977. The regulations require suppliers to ensure that preparations listed in Article 1 of the directive are not placed on the market unless the preparations and their packaging comply with the provisions of the directive. The European Communities (Dangerous Substances and Preparations) (Marketing and Use) Regulations, April 1981, comply with Council Directive 79/663/EEC of 24 July 1979, and prohibit the use of tri-phosphate in textile articles intended to come into contact with the skin. They also prohibit the use of certain toxic, flammable or otherwise harmful substances in various household articles.

The progressive implementation of the Safety in Industry Act¹ commenced on 1 March 1981. Among the provisions already operative are those providing for the appointment of joint employer/employee safety committees and safety representatives at the workplace and those requiring the employer to prepare a written statement specifying how the safety and health of the workers will be safeguarded.

The European Communities (Electrical Equipment for use in Potentially Explosive Atmospheres) Regulations 1981 give effect to Directives 76/117/EEC of 18 Decem-

¹ Social Report 1980, point 226.

ber 1975 and 79/196/EEC of 6 February 1979. Under these regulations, equipment complying with EEC standards and bearing the EEC mark may not be prohibited on grounds of safety.

The Safety in Industry (Diving Operations) Regulations 1981 lay down safety provisions for diving operations coming under the Safety in Industry Acts, 1955 and 1980—in effect commercial diving operations including inshore but not offshore operations.

Projects in preparation include a statute for the protection of persons engaged in offshore installations work, a further declaration order for additional dangerous substances, regulations on the loading, unloading and storage of dangerous substances, regulations on the handling and conveyance by road of liquefied petroleum gas, and the implementation of Directive 79/831/EEC of 18 September 1979 (sixth amendment of the Directive on the classification, packaging and labelling of dangerous substances). Regulations are also in preparation on safety measures in relation to dangerously flammable liquids in factories, measures to protect persons employed in grinding operations, the protection of workers from hazards caused by transport vehicles in factories, the safety training of workers in mines and quarries and measures for the protection of persons employed in diving operations.

In December 1980 the Minister for Labour set up a commission of inquiry on safety, health and welfare at work to examine the whole subject in detail and to make recommendations; the commission's report is expected by the end of 1982.

Italy

216. A Presidential Decree of 13 February 1981 extends the provisions on printing equipment. The Regulation of 2 April 1981 (supplemented by two circulars of 29 April 1981 and 28 May 1981) deals with the approval of safety systems for mobile lifting gear. Requirements for safety workers and doctors who are to be responsible for radiation protection monitoring are laid down in the Ministerial Decree of 1 August 1981.

The following circulars supplement the measures in the field of industrial safety: safety approval of illuminated signs (2 January 1981 and 24 June 1981); requirements for boilermen (26 February 1981); accident prevention on building sites—concrete mixers (7 March 1981 and 29 June 1981); passenger and goods lifts (7 April 1981); protective cabs and roofs for wheeled farm tractors; agricultural balers and harvesters (28 May 1981).

A draft law is being prepared on the licensing of machines, plant and personal protective equipment. The drafting of provisions to implement Directive 78/610/

EEC, on the protection of the health of workers exposed to vinyl chloride monomer, is nearing completion.

Luxembourg

217. The Law of 11 March 1981 provides that certain hazardous substances and preparations may be placed on the market and used only under certain conditions.

The accident insurance fund has instituted an occupational medical service and a joint-representation committee to deal with all questions concerning accident prevention.

The preparatory work for laws and regulations in the areas mentioned in the last report¹ was continued.

The Netherlands

218. The Law on safety and health at work (Working Conditions Act), announced on 8 November 1980, lays down principles to be applied in cooperation with employers and workers. Various working parties were set up to this end. The law is to come into force in stages.

The Royal Decree of 12 August 1981 lays down the first category of installations for which a safety report is to be prepared and updated when necessary. In this report the employer is required to provide details of any dangerous substances used in the plant and of the production process, to indicate obvious hazards and analyse incidents.

The preparatory work for laws and regulations in the areas mentioned in the last report was continued. The bill on inland navigation, the purpose of which is safety and health protection for crews, was approved by the Lower Chamber of the Dutch Parliament. The Economic and Social Council has given its opinion on a draft decree on the safety and health of employees working on research work in connection with new DNA combinations and its opinion has been requested on a draft decree on the handling by workers of dangerous, particularly carcinogenic substances; it should be noted in this connection that approval has already been given for the incorporation in national legislation of an EEC directive on vinyl chloride monomer. An opinion has also been requested on guidelines for noise control at the workplace. Safety provisions for hoisting winches and their supervision are being

¹ Social Report 1980, point 228.

prepared. The Provisional Industrial Council¹ has delivered its opinion on the legal and administrative provisions for the agreement on safe containers.

United Kingdom

219. The Health and Safety Commission has continued to make progress in the fields of legislation and provision of advice on health and safety at work. A new Industry Advisory Committee for the education service has been set up and will begin work in early 1982.

No new primary legislation has been introduced in the field of health and safety at work during the year. Since the introduction of the Health and Safety at Work (Northern Ireland) Order 1978, safety legislation in Northern Ireland is similar to that in operation in the rest of the UK.

Most of the provisions of the Dangerous Substances (Conveyance by Road in Road Tankers and Tank Containers) Regulations 1981 will come into force in 1982 and the Health and Safety (First Aid) Regulations 1981 will introduce comprehensive requirements for the provision of first aid at places of work in July 1982.

The Health and Safety Commission's plan of work for 1981-82 and onward was approved by the Secretary of State for Employment in June 1981. Consultative documents made available in 1981 included proposals for the revision of existing controls on the use of poisonous substances in agriculture; on classification and labelling of explosive articles and substances as a basis for future proposals to control the manufacture, importation, use, storage, sale, transport and security of explosives; for the introduction of a notification scheme covering the dangerous properties of substances new to the Community market; to allow the keeping of a limited quantity of petroleum spirit in plastic containers; to prohibit asbestos spraying, the use of asbestos for new thermal and acoustic insulation and, with limited exceptions, work involving asbestos insulation and asbestos coating without a licence; for the protection of hearing at work; and to approve as codes of practice a number of British standards which would provide practical guidance on safeguards for machinery and equipment for use at work.

Regulations which came into force during the year included the Safety Signs Regulations 1980, concerning safety signs at places of work; the Agriculture (Tractor Cabs) (Amendment) Regulations 1980; the Control of Lead at Work Regulations 1980, which replace outdated legislation in this field; the Diving Operations at Work Regulations 1981, which place duties on diving contractors and supervisors and require divers to have certificates of training (the regulations also apply to diving

¹ Social Report 1980, point 229.

operations in which divers are at work outside Great Britain in circumstances covered by the Health and Safety at Work etc. Act 1974); the Packaging and Labelling of Dangerous Substances (Amendment) Regulations 1981 to align previous legislation with Council Directive 79/370/EEC; and the Health and Safety (Dangerous Pathogens) Regulations 1981, which prohibit the keeping, handling and transport of listed pathogens unless notice has been given to the Health and Safety Executive at least 30 days in advance. In addition, an approved code of practice was introduced to give practical guidance on work with asbestos insulation and asbestos coating.

Chapter XI

Health protection

Radiation protection legislation

220. This year the Member States were able to set in motion the process whereby the principles defined in the Council Directive of 15 July 1980 amending the directives laying down the basic safety standards for the health protection of the general public and workers against the dangers of ionizing radiation are incorporated into national law, within the time limits set out in Article 46 of this directive.

The Member States' obligation to bring their national legislation into line with the Community directives was the point of departure of a seminar organized by the Commission on 4 and 5 June in Luxembourg and intended for national civil servants responsible for introducing the principles defined in the revised basic safety standards into the laws and regulations of their countries.

The preparation and publication of a number of legislative and regulatory texts, some of which were submitted to the Commission for its opinion pursuant to the provisions of Article 33 of the Euratom Treaty, constitute a first step in the application of the new directive.

In *Belgium*, the Royal Decree of 30 March 1981 (*Moniteur Belge* of 5 May 1981) established the public body for the management of radioactive waste and fissile material provided for in the Law of 8 August 1980.

Denmark submitted to the Commission for its opinion a draft order of the Department of Public Health relating to radiological installations. This draft, which refers to Order No 56 of 17 February 1977, concerns approval and notification procedures, responsibilities, technical aspects and supervision.

In the *Federal Republic of Germany*, a revised official notice relating to the establishment of a Commission for Reactor Safety was issued on 15 December 1980 (*Bundesanzeiger* No 10 of 10 January 1981).

In addition, an amendment to the Law of 18 September 1980 on air traffic, adopted on 14 January 1981 (*Bundesgesetzblatt* 1981 I, p. 61), prohibits the transport of radioactive substances by air without a special permit.

In *Luxembourg* a draft law has been prepared on the medical use of ionizing radiation; this draft already takes into account certain rules established in the proposal for a directive laying down basic measures for the radiation protection of persons undergoing medical examinations or treatments.¹

The Netherlands has also submitted to the Commission for its opinion two draft decrees applying the directive on the health protection of the general public and workers against the dangers of ionizing radiation (the version of 1 June 1976). The first draft amends the decree on radioactive substances and introduces rules relating to protection against ionizing radiation and brings the units used into line with current international practice. The second draft, which amends the decree on appliances, was prepared with the same objectives in mind and the two texts are to enter into force at the same time.

In the *United Kingdom* the 1980 Order on radioactive substances (smoke detectors — exemption for Scotland) (SI 1980, No 1599) entered into effect on 26 November 1980. This order, which amends the 1967 Order on radioactive substances, extends to Scotland the exemption from the obligation to register radioactive materials contained in smoke detectors in the form of sealed sources of very low radioactivity. This order uses the new units of the international system.

Monitoring of environmental radioactivity

221. The general monitoring of environmental radioactivity in the Member States, provided for in Article 36 of the Euratom Treaty, was carried out in the context of the existing measurement networks.

Analysis of the data provided to the Commission on radioactivity in air and deposition, in 1980 and the early part of 1981, shows that overall beta activity and the quantities of ⁹⁰Sr, ¹³⁷Cs, ²³⁸Pu and ²³⁹Pu have remained constant.

Monitoring of contamination of various foodstuffs in Community countries takes the form of sampling basic foods. Priority was given to the measurement of ⁹⁰Sr and ¹³⁷Cs.

Milk is subject to more intensive monitoring, being regarded as an excellent indicator of fluctuations in the extent of radioactive contamination in man. The levels of ⁹⁰Sr and ¹³⁷Cs measured in milk in 1980 were not significantly different to those measured in 1979.

¹ OJ C 350, pp. 20/21, 31.12.1980.

Following the nuclear 'test' carried out in the Far East on 16 October 1980, very small increases in the level of short-lived radioelements were detected in samples taken at different Community measurement stations. These increases were only temporary and had no health consequences; they amount to only a minute fraction of the limits of annual intake for members of the public laid down by the Euratom basic safety standards (Directive of 15 July 1980).

The results of measurements made in air, deposition, water and milk in the ten Member States are covered by a single report for 1980.¹

Health education

222. The Member States continued their health education activities in the following fields:

I — Smoking

223. On the whole the anti-smoking campaigns in the Member States, both as regards the methods used and as regards statistical and epidemiological trends, etc., are developing favourably in that the campaigns are being intensified on the one hand and that the increase in real consumption is slowly levelling off on the other.²

In *Belgium* the Royal Decree of 28 December 1979 regulates the manufacture and placing on the market of tobacco, tobacco-based and similar products. It prohibits the marketing of tobacco-based products which do not carry the warning 'Le tabac nuit à la santé' ('Smoking can damage your health') and requires that the tar and nicotine levels (Art. 3, paragraph 1) be indicated on the packaging.

The Royal Order of 5 March 1980 requires that all tobacco advertisements include the warning 'Le tabac nuit à la santé'.

The same order also sharply limits the range of advertising media which may be used to promote tobacco.

¹ EUR 7639—Results of environmental radioactivity measurements in the Member States of the European Community for air—deposition—water—milk, 1980.

² Cf. Report EUR 7531 published by the Commission in 1981: Actions against smoking in the Member States of the European Communities—Situation on 30 June 1981.

In *Denmark* anti-smoking campaigns have been organized. A special campaign has been organized in schools based on the slogan 'clean air'. Each year since 1977 a non-smoking day has been organized. New anti-smoking material is being introduced continually. A significant factor is the high cost of cigarettes in Denmark.

In the *Federal Republic of Germany* in July 1980 on the initiative of the Federal Ministry of Youth, the Family and Health, the cigarette industry adopted guidelines warning users of the dangerous effects of smoking, making it compulsory to indicate tar and nicotine levels on cigarette packets and regulating advertising in the form of posters and advertisements.

Since 1 November 1980 all advertisements for cigarettes in magazines and the daily papers include this warning; since February 1981 it has to be mentioned on all advertising hoardings and since 1 October 1981 on every cigarette packet.

In *France* a large-scale information programme has been launched with a view to educating generations of non-smokers.

These measures were continued as part of a campaign to make French people more health-conscious: 'Your health depends on you too'. Now that the ill-effects of smoking have been set out, the public information campaigns are becoming increasingly concerned with positive effects.

It is estimated that 2 million French people have stopped smoking since 1976.

In *Ireland* Statutory Instrument No 350 of 1979 on tobacco and its products regulates advertising, sponsorship and sales promotion.

All cigarette packets must bear a warning on the health dangers of cigarette smoking.

Several anti-smoking campaigns are underway.

There were 840 000 smokers in Ireland in January 1980; a year later the number had fallen to 792 000, i.e. 48 000 smokers less.

In *Italy* public information campaigns are being carried out to make smokers aware of the risks and to encourage them to stop smoking.

In *Luxembourg* an anti-smoking campaign has been in progress since 1977. It is directed at the general public, pregnant women and young people. According to a recent survey carried out by the Ministry of Health, 12.9% of the persons interviewed claim to have cut down or given up smoking since the beginning of the campaign.

In the *Netherlands* a legal prohibition of all tobacco advertising on radio and television came into effect on 4 January 1980. The decision to compel manufacturers

to print a warning on cigarette and tobacco packaging will come into effect during the second half of 1982. The warning 'Smoking is dangerous to health' must be visible both on the front and rear of the packets. The tar and nicotine levels per cigarette must be printed on the sides of the packets.

The percentage of smokers among the Dutch population reached its peak towards the mid-1960s and since then has dropped steadily.

In the *United Kingdom* a survey is being carried out to identify the determining factors, the nature and the relative importance of received notions which condition smoking behaviour with a view to gathering information on the consequences of cigarette prices, advertising and health education on attitudes and behaviour and with a view to studying the factors which lead people to give up smoking.

II — Nutrition

224. General public information and health education policy in the Member States is continuing to develop positively in that the quality of information and advertising is taken very seriously and that the authorities are making genuine efforts in respect of 'key' or 'risk' groups, i.e. children, teachers, old people, migrant workers and their families.¹

In *Belgium* the public and private education systems ensure that education is provided in all the provinces. Although the shape of the programmes may differ from one province to another, the important point is that nutrition education exists. An original effort has been made in Belgium as regards information provided to teachers.

In *Denmark* thorough nutrition education is provided at both primary and secondary level.

In the *Federal Republic of Germany* each *Land* is responsible for education, coordination at national level being carried out by the syllabus planning committee, which meets during the 'Conferences of the Ministers for Education'.

In *France* appropriate nutrition education has to be provided in both primary and secondary schools. Teachers are permitted a certain latitude as regards the 'content', but the syllabuses and the objectives are defined by the Ministry of Education.

In *Ireland* nutritional and dietary education is mainly given to young people aged 15 to 17.

¹ As regards nutrition education in schools, a detailed survey of the situation in the Member States is contained in report EUR 7331—Nutrition education at school in the countries of the European Communities, published by the Commission in 1981.

In *Italy* nutrition education is mainly given to young people 11 years of age as part of natural science courses. Future teachers are given more thorough training.

In *Luxembourg* the Ministry of Public Health ensures that teachers are given further training in this field and provides teaching material for illustrative purposes in biology and health courses.

In the *Netherlands* nutrition education is mainly given at secondary level, with sometimes the assistance of local organizations or various associations.

In the *United Kingdom* nutrition education may be included in primary schools as part of a health education programme. In secondary schools it forms an integral part of optional biology, human biology or home economics courses and also in health education programmes.

III — Mutual health assistance

225. The services of the Commission have prepared a summary document based on a draft questionnaire concerning information on the needs of each country in the event of disaster and the assistance which can be provided to another Member State in distress.

In this context, after the earthquake which occurred in southern Italy on 23 November 1980, the Commission was able to give the Italian Government assistance in cash and to provide it with information which it required on the above-mentioned forms of assistance. This was followed by substantial aid from other Member States: teams of doctors and surgeons, consignments of plasma and blood products, vaccines, antibiotics, medicaments, etc.

The earthquakes in Italy in November 1980 and in Greece in February 1981 highlighted certain defects and on the basis of these experiences the plans of action were modified.

In view of the catastrophic effects of the earthquakes which occur in the countries on the Mediterranean, the state of panic confronting the public health authorities and the need for efficient organization at all levels, the European Regional Bureau of the WHO organized a seminar of experts in various disciplines from countries on the Mediterranean in Rabat from 22 to 25 November 1981. The aims were to review the problems and difficulties encountered and the means of assistance available and to define a consistent policy for mutual assistance in the event of earthquakes.

The Commission provided financial aid for the above-mentioned seminar and will study the conclusions reached by the experts who took part in it.

IV — Alcohol and drug abuse

1. Preventive measures

226. In general there has been an increase in preventive measures both in schools and elsewhere to combat drug abuse (medicaments/alcohol and illegal drugs) in the Member States. Comprehensive health education programmes were launched in some Member States in the form of pilot studies but they have not yet become an integral part of the school curriculum.

In connection with the campaign against alcohol it should be remembered that this is not a new issue and that alcoholism is a scourge against which each Member State has been applying the measures it considers appropriate, on the basis of statistics which are difficult to verify; moreover, although the disease is well known its epidemiology is not always clear and there are numerous pressure groups to be faced who feel entitled to argue their case somewhat more forcefully in view of the employment situation.

2. Multiple addiction

227. This problem mainly concerns growing numbers of young people (14 to 25 years) in the Member States. It is believed that 20 to 30% of all drug addicts suffer from multiple addiction. The tendency to switch from one illegal drug to another is a growing problem.

3. Consumption of illegal drugs

228. Some countries, in particular France (Ministry of Health), have decided to accord absolute priority to the training of specialists in prevention, but there has been some delay in establishing training centres.

In *Greece* the special Consultative Committee on drugs has cancelled its health education programmes aimed at combating drug abuse, because certain data indicated that these programmes had undesirable effects.

In *Belgium*, the *Federal Republic of Germany* and *Ireland* appropriate actions have been initiated both in the field of education and detoxication. However, there are at present insufficient data to evaluate the effectiveness of the measures employed.

Generally, it may be said that pilot experiments are envisaged in the Member States, the aims of which would be to assess the first results of preventive measures and then gradually to identify the lines which future strategy might follow.

Present knowledge at European level may be summarized as follows:

- (i) several studies have shown that it is possible to make young people more aware of the danger of drugs;

- (ii) attempts to break the habit of drug abuse have met with limited success;
- (iii) studies of efforts to reduce drug abuse have generally shown that the situation has not changed, although a small number of studies indicate a decrease and, sometimes, an increase in consumption. Clearly future drug consumption will be the best yardstick for measuring the success of educational measures. Most of the available studies indicate that education on drugs has had no effect on consumption.

4. Abuse of medicaments and polypharmacy

229. The notion of abusive consumption of medicaments obtained with or without a doctor's prescription is the subject of controversial interpretations in the Member States.

On the other hand polypharmacy is a phenomenon which is easier to define (consumption of several medicaments by an individual either at the same time or on several occasions during a 24-hour period) and one whose existence is undeniable.

In this respect France has begun to attach great importance to a system of superposable cards with the aid of which the doctor or chemist can clearly identify the synergies and antagonisms of medicaments as well as pharmaco-dynamically incompatible combinations.

Summary of contents

GENERAL AND POLITICAL INTRODUCTION	5
I — Activities of the institutions of the European Community in the social field in 1981	7
Employment policy	7
The programme of health and safety at work	10
Social protection	11
Review of the rules governing the tasks and operation of the European Social Fund	11
Living and working conditions	12
II — Future activities of the Community in the social field	15
SOCIAL DEVELOPMENTS IN 1981	19
Chapter I — Employment	21
<i>Trends within the Community</i>	21
<i>Development of the situation in the member countries</i>	23
Belgium	23
Denmark	25
Federal Republic of Germany	27
Greece	29
France	31
Ireland	33
Italy	34
Luxembourg	36
The Netherlands	37
United Kingdom	39
Chapter II — Vocational guidance and training	43
<i>Trends within the Community</i>	43
<i>Development of the situation in the member countries</i>	44
Belgium	44
Denmark	45
Federal Republic of Germany	46
Greece	48
France	48
Ireland	50
Italy	51
Luxembourg	52
The Netherlands	53
United Kingdom	54
Chapter III — Industrial relations	57
<i>Trends within the Community</i>	57
SOCIAL REP. 1981	

<i>Development of the situation in the member countries</i>	60
Employee representation	68
Trade union unification	71
Chapter IV — Working conditions and labour law	73
<i>Trends within the Community</i>	73
Working conditions	73
Labour law	74
<i>Development of the situation in the member countries</i>	74
Working conditions	74
Labour law	79
Chapter V — Wages, incomes and asset formation	87
<i>Trends within the Community</i>	87
<i>Development of the situation in the member countries</i>	89
Belgium	89
Denmark	92
Federal Republic of Germany	93
Greece	95
France	96
Ireland	97
Italy	98
Luxembourg	100
The Netherlands	102
United Kingdom	103
Chapter VI — Housing	107
<i>Trends within the Community</i>	107
<i>Development of the situation in the member countries</i>	108
Housing requirements, building programmes, dwellings completed ¹	110
Building costs	110
Rents	111
Reconstruction and modernization	114
Town and country planning	116
Chapter VII — Family affairs	119
<i>Trends within the Community</i>	119
<i>Development of the situation in the member countries</i>	120
Belgium	120
Denmark	121
Federal Republic of Germany	122
Greece	123
France	123
Ireland	124
Italy	124
Luxembourg	125
The Netherlands	125
United Kingdom	126
Chapter VIII — Social welfare services	129
<i>Trends within the Community</i>	129

¹ Table, pp. 112 and 113.

<i>Development of the situation in the member countries</i>	130
Belgium	130
Denmark	130
Federal Republic of Germany	131
Greece	132
France	133
Ireland	133
Italy	134
Luxembourg	135
The Netherlands	136
United Kingdom	137
Chapter IX — Social security	139
<i>Trends within the Community</i>	139
<i>Development of the situation in the member countries</i>	141
Belgium	141
Denmark	142
Federal Republic of Germany	143
Greece	143
France	144
Ireland	145
Italy	145
Luxembourg	146
The Netherlands	147
United Kingdom	147
Chapter X — Safety, hygiene and health protection at work	149
<i>Trends within the Community</i>	149
<i>Development of the situation in the member countries</i>	150
Belgium	150
Denmark	150
Federal Republic of Germany	151
Greece	152
France	153
Ireland	154
Italy	155
Luxembourg	156
The Netherlands	156
United Kingdom	157
Chapter XI — Health protection	159
Radiation protection legislation	159
Monitoring of environmental radioactivity	160
Health education	161
I — Smoking	161
II — Nutrition	163
III — Mutual health assistance	164
IV — Alcohol and drug abuse	165

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Every year the Commission publishes its annual Social Report, which gives an outline of the main developments in the social field which have taken place in the 10 countries of the European Community during the past year.

The introduction, which has a general and political character, provides a summary of the Community's main activities in the social field in 1981 and outlines the prospects for the near future.

This is followed by 11 chapters which constitute the main substance of the Social Report. Each chapter is divided into two sections: the first, which is of a political nature, sets out the trends within the Community as a whole, whilst the second, which is of a descriptive nature, outlines developments in the individual Member States during 1981.

Greece, which became the 10th member of the Community on 1 January 1981, is included for the first time.

A study reviewing the 'Evolution of social policy in Greece, 1970-80' (V/284/80-ADD) is available in English and French from Mr J. Boursin, the official with special responsibility for the Social Report (Tel.: 02-235-10-38), and his secretary Mrs G. Reina (Tel.: 02-235-10-95), in Brussels.