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**Report on
Social Developments
Year 1980**

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Contents

A — General and political introduction	5
B — Outline of activities by the institutions of the European Communities in the social field in 1980	11
C — Social developments in 1980	33
Chapter I — Employment (including migrant workers)	35
Chapter II — Vocational guidance and vocational training	55
Chapter III — Industrial relations	71
Chapter IV — Working conditions and labour law	89
Chapter V — Wages, incomes and asset formation	103
Chapter VI — Housing	121
Chapter VII — Family affairs	133
Chapter VIII — Social welfare services	143
Chapter IX — Social security	151
Chapter X — Safety, hygiene and health protection at work	161
Chapter XI — Health protection	171
List of tables	179
Summary of contents	181

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

BFR	=	Belgische frank / franc belge
DKR	=	Dansk krone
DM	=	Deutsche Mark
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

A — General and political introduction

General and political introduction

1. Economic activity in the Community suffered a serious crisis during 1980. Growth-rates sagged, while unemployment swelled in all Member States, particularly in the last six months.

The number of registered unemployed on 31 December was 8 million, an increase of 29% over end-1979. The situation is especially serious for women and for young people under 25 who make up respectively 43% and 40% of the total unemployed.

2. The rate of inflation in 1980 remained both a problem in itself, and an obstacle to the re-establishment of a higher level of employment. It became apparent that current anti-inflation policies, in so far as they have relied heavily on demand deflation and a restrictive monetary approach, were adversely affecting employment in the public sector through expenditure cut-backs, and in the private sector through the compression of demand.

3. The crisis was most severe in certain industrial branches, especially the iron and steel industry, where a state of manifest crisis was declared and Community production quotas imposed on enterprises. Restructuring of this sector boiled down in particular to significant reductions in the numbers employed to 600 000 persons at the end of 1980 although the figure had been more than 700 000 in 1978. The situation was particularly severe in regions where traditional industries now in decline are predominant.

4. These difficulties caused the Commission and other Community institutions to intensify direct intervention to help workers face up to these problems. An examination of how to develop policies for the labour market and the adaptation of working time over the medium term took place; great efforts were made to get to grips with the problems which will be created for workers by the introduction of new technologies, from the viewpoint of employment and vocational training as well as working conditions.

5. As regards action in the short term, the Commission considerably developed Social Fund aid for young people.

For 1980, 250 million EUA from the Social Fund were devoted to the vocational training of young people, and another 108 million EUA went on incentives to take on or employ them; in other words a quarter of all Social Fund intervention in 1980.

To help workers in the iron and steel industry, the Commission asked the Council for an exceptional budgetary aid as part of the ECSC appropriation. It would imply the Council releasing new resources — 157 million EUA — of which 112 million EUA would be for 1981 (the rest being spread over 1982 and 1983). This extra budget would enable iron and steelworkers to take early retirement or receive benefits in case of short-time work. The Council was unable to take a decision on this point in 1980. Discussions have continued in the Council at the beginning of 1981.

6. Anxious about the longer-term problems in the labour market, economic prospects and the effects of the introduction of new technologies, the Commission sent several Communications in 1980 to the Council of Ministers for Social Affairs and to the Standing Committee on Employment. Some of them deserve special attention in the light of the conclusions which have been drawn from them:

These communications concerned:

- (i) Employment and the new micro-electronic technology,
- (ii) Community guidelines for a labour market policy,
- (iii) temporary work,
- (iv) part-time work,
- (v) flexible retirement.

7. As regards the impact on employment of the introduction of new micro-electronic technology, the Commission's main concern—shared by the Standing Committee on Employment—is to do all that is necessary to prevent this new technology from aggravating the employment situation; rather the contrary, that it should help improve the situation both quantitatively and qualitatively.

Although the two sides of industry are not wholly unanimous in their overall analysis of this problem and the solutions to them, the Standing Committee on Employment agreed to request the implementation of a certain number of priority activities in the field of either general education and vocational training or working conditions.

Over the next few months the Commission intends to submit proposals, firstly concerning the implementation of a vocational training policy at Community level capable of resolving the training problems associated with the introduction of these new technologies, and secondly comments and suggestions on the possible effects of these technologies on the organization of work and on living and working conditions.

8. In respect of the Community guidelines for labour-market policy it should be stressed that the Standing Committee on Employment attached great importance to the setting up of permanent consultation procedures between the public authorities and workers' and employers' representatives with the aim of drawing up and implementing a labour market policy which would be instrumental in developing a management forecast of the labour market at local and regional level. The purpose would be to draw up such a policy within an adequate frame of reference, ensuring the coordinated development of national and Community financial instruments with a view to assisting and encouraging operations designed to ensure longer-term employment, particularly in small and medium-sized undertakings.

9. In order to improve the quality of the labour force, such a policy needs to be underpinned by the development of a policy covering education and vocational training, job placement and labour force mobility and which takes account of the demands made by introducing new technologies and of the growth of small and medium-sized undertakings. Here the role of employment agencies should be strengthened.

The Commission will continue its work on improving the organization of the labour market by submitting a Communication on employment to the Council and the Standing Committee on Employment in the first half of 1981.

10. The Commission and the Standing Committee on Employment examined together the problems involved with temporary work, part-time work and the introduction of flexible retirement as part of the implementation of the Council's Resolution on the adaptation of working time.

11. Discussions on 'Community guidelines on temporary work' resulted in a broad convergence of opinions on the need to protect the legitimate interests of temporary workers as regards improved employment conditions and social protection while maintaining employers' operational flexibility; in respect of transfrontier temporary employment, stress was laid on the need for close and effective cooperation between the competent public authorities of the Member States.

12. In connection with voluntary part-time work, the Committee agreed broadly on the principles set out by the Council, in particular that part-time work should be voluntary, and any discrimination as regards remuneration between part-time and full-time workers should be eliminated. The Committee invited the Commission to incorporate these guidelines in proposals for appropriate Community instruments.

13. In respect of flexible retirement, a broad consensus emerged in favour of acknowledging that all workers should gradually be given the right, as from a certain age, to choose when they want to retire. The Commission will follow through on this basis and submit appropriate proposals in due course.

14. In view of the disturbing trend in health costs, particularly the costs of medical and hospital treatment and medicines, the Commission intends to submit proposals to the Council aimed at intensifying the Community's activities in the field of public health. Furthermore, it believes it should intend pursuing the implementation of the Community programme of health and safety at work. In an effort to strengthen Community cooperation on social security matters, it might also submit a memorandum on the problems arising from the development of social security systems in Member States.

15. In conformity with the instructions received from the European Council in Venice (12 and 13 June), the Commission intends to pursue an in-depth examination of the comments and proposals likely to strengthen concerted action on employment policies and to combat worsening unemployment. It will carry this out in close cooperation with the Standing Committee on Employment which will remain the Community's main instrument for promoting a consensus between the two sides of industry on these matters.

**B — Outline of activities by the institutions
of the European Communities in the
social field in 1980**

Main developments

16. *Employment problems continue to be of major concern to the Community. The worsening of unemployment makes it even more vital to achieve a consensus at Community level, both among governments and between both sides of industry on measures to alleviate the social consequences of the crisis and to encourage job creation. The greater solidarity evidenced by the increase in the European Social Fund's resources and particularly in ECSC readaptation aid was also reflected in the fact that assistance from the Fund was concentrated in those regions which are underdeveloped or in difficulties, and particularly on measures to help young people. As regards the reorganization of working time, the Commission, on the basis of the Council Resolution of 22 November 1979, pushed for discussion, by both sides of industry as well as by the Standing Committee on Employment, that would lead to progress beyond the stage of Community diagnosis, important as it is, to agreement on the measures to be taken.*

The Community has not meanwhile neglected its traditional and fundamental responsibilities with regard to the free movement of workers. On the question of removing discrimination between Community nationals, the Commission has sought to ensure not only that current Community law is effectively applied, but also to extend it as regards trade union rights and social security entitlement for non-wage-earning migrant workers.

Community policy on health, social protection and living and working conditions is based primarily on the encouragement of the social dialogue at various levels: within undertakings, by informing and consulting workers in transnational firms; within the industrial sectors; in joint committees and at meetings between the two sides of industry in the various branches; and at inter-industry level, by promoting direct contact between the European employers' and workers' organizations, particularly within the Standing Committee on Employment.

Employment

17. *The persistence of an unemployment rate exceeding 6% of the labour force, the problems caused by the major changes now under way and awareness of the challenges presented by the introduction of new technologies impelled Community*

institutions and both sides of industry to make a sustained effort throughout 1980, not only to mitigate the social consequences of the crisis, but also to evolve a positive and forward-looking course of action in the light of the employment outlook. Since this also implied that a greater measure of agreement between the two sides of industry must be sought, on the basis of a Community analysis and Community remedies, the Commission made every effort to achieve better understanding of the effect on both employment and training of the development of new technologies, especially on the basis of the conclusions adopted by the Standing Committee on Employment in February.¹ In the employment field, priority was given to cooperation between the two sides of industry,² which would need to be based on information jointly studied in depth; a European pool of studies would contribute to this.

18. For the same reason, the Commission gave particular attention to the various aspects of the process of job creation and the role of innovation, taking account of the specific part played by services and small businesses in this respect, including new forms of undertaking (cooperatives, local initiatives).

19. Work on the reorganization of working time continued with talks between the two sides of industry on annual working time and the limitation of overtime. The Commission transmitted three communications³ to the Council in July for the attention of the Standing Committee on Employment; they concerned temporary employment,⁴ part-time work⁵ and flexible retirement.⁶

The Committee discussed these questions at two meetings, on 30 October and 11 December.⁷

Labour market policy

20. The Commission sent to the Council, for the attention of the Standing Committee on Employment, a communication on guidelines for a Community labour market policy.⁸ It stresses the need to improve the services of public

¹ Bull. EC 2-1980, points 2.1.33 to 2.1.35.

² Fourteenth General Report, point 58.

³ 1980 Annexed Memorandum, point 66.

⁴ Bull. EC 6-1980, point 2.1.43.

⁵ Bull. EC 7/8-1980, point 2.1.42.

⁶ Point 29; Bull. EC 7/8-1980, point 2.1.43.

⁷ Bull. EC 10-1980, point 2.1.34; Bull. EC 12-1980.

⁸ 1980 Annexed Memorandum, point 167; Bull. EC 4-1980, point 2.1.34; Bull. EC 5-1980, point 2.1.23.

employment agencies and envisages the possibility of a Community cooperation programme. The Council adopted a resolution along these lines in which it likewise stressed the need for a forward-looking approach to the management of the labour market.¹

21. At the same time, cooperation developed between national employment agencies in the form of joint studies on long-term unemployment, training of agency staff and computerization of their services.

Employment of young people

22. The Community has developed two series of specific actions relating to the serious problem of unemployment among young people. The first is concerned with the vocational preparation of young people leaving school without skills, the second is based on the two specific job-creation measures instituted in 1978.² These actions are supported by assistance from the European Social Fund.³

In line with the Council Resolution on linked work and training for young persons,⁴ the Commission, with the help of the European Centre for the Development of Vocational Training (CEDEFOP), is encouraging the presentation of a series of pilot projects to the European Social Fund.

Vocational training

23. Apart from measures to promote employment for young people, the Commission initiated two series of consultations with the help of the Advisory Committee on Vocational Training: one is concerned with the difficult question of the mutual recognition of diplomas, in respect of which, thanks to the endeavours of CEDEFOP, a solution is beginning to emerge from consultations under way in the Member States, while the other has to do with training problems in connection with the new technologies.

¹ OJ C 168, 8.7.1980; Bull. EC 6-1980, point 2.1.42.

² OJ L 361, 23.12.1978.

³ Point 28.

⁴ Social Report 1979, point 23; OJ C 1, 3.1.1980.

Exchanges of young workers

24. This was the first full year of operation of the second exchange programme, thanks to the more decentralized system instituted by the Council Decision of 16 July 1979,¹ which is based on a limited number of organizing bodies, the annual rate of enrolment, which was of the order of 100 young people per year for the first programme, is now approaching 600 per year.²

Equal treatment of men and women

25. As part of the watch it keeps on the application of Community law, the Commission once again initiated the procedure provided for by Article 169 of the EEC Treaty³ for non-application of the Council Directive of 9 February 1976 on the implementation of the principle of equal treatment for men and women as regards access to employment, vocational training and promotion, and working conditions.⁴ The infringements in question concerned Belgium, Denmark, France, Ireland, Italy and the United Kingdom. A reasoned opinion was sent to Luxembourg on 28 March because of that Member State's total default in this field.

In May the Commission held a European conference in Manchester,⁵ bringing together the national bodies responsible for implementing the principle of equal treatment of men and women with regard to employment, to evaluate the results of the measures taken on the employment of women, to identify the difficulties encountered and to prepare guidelines for the future.

The Commission also took part in several high-level international meetings⁶ on the subject of equal treatment for men and women organized by the OECD, the ILO and the United Nations.

The Commission submitted to Parliament a report on Community measures to assist women,⁷ describing the sectors where action is needed.

¹ Social Report 1979, point 25; OJ L 185, 21.7.1979.

² Bull. EC 11-1980, point 2.1.27.

³ Social Report 1979, points 21 and 34.

⁴ OJ L 39, 14.2.1976.

⁵ Bull. EC 5-1980, point 2.1.24.

⁶ Bull. EC 4-1980, point 2.2.36; Bull. EC 6-1980, point 2.2.45; Bull. EC 7/8-1980, point 2.2.39.

⁷ Bull. EC 9-1980, point 2.1.28.

Freedom of movement for workers

26. The Commission is not only keeping a watchful eye on the application by the Member States of Community legislation in respect of freedom of movement for workers, but is also working to make the Community vacancy clearance system fully effective.

Since SEDOC¹ is a technical instrument designed to ensure effective priority for Community workers, the Commission maintained its efforts to make it fully operational by continuing to organize exchanges of employment service officials between Italy, France, Belgium, the Federal Republic of Germany and the United Kingdom. The Council restated its commitment in this field and its support for the Commission in the Resolution it adopted on 27 June 1980 on guidelines for a Community labour market policy.² In this Resolution the Council states that the national employment services should take the necessary steps to bring SEDOC into full operation.

In all its activities, which range from consultation on immigration policies *vis-à-vis* non-member countries and the procedures for applying the transitional measures concerning Greece to housing for migrant workers, the Commission continued to rely on the work and opinions of the Technical Committee and the Advisory Committee on Freedom of Movement for Workers.

Readaptation of workers in ECSC industries

27. The worsening of the crisis in the steel industry led to closures affecting more than 40 000 workers. The system of aids provided for in Article 56 of the ECSC Treaty makes the granting of aid normally contingent on the productive re-employment of redundant staff; this has become a prohibitive condition in view of the general deterioration in the employment situation, particularly in certain steelmaking areas affected by major restructuring measures. Since 1979,³ therefore, the Commission, in line with the opinion of Parliament⁴ and the resolution of the ECSC Consultative Committee,⁵ has been trying to obtain from the two sides of

¹ European System for the International Clearing of Vacancies and Applications for Employment.

² OJ C 168, 8.7.1980; Bull. EC 6-1980, point 2.1.42.

³ Social Report 1979, point 28.

⁴ OJ C 197, 4.8.1980; Bull. EC 7/8-1980, point 2.3.14; Bull. EC 9-1980, point 2.3.11.

⁵ OJ C 292, 11.11.1980; Bull. EC 10-1980, point 2.3.37.

industry and the Council a consensus on procedures for new aids and on ways of financing them.¹

At its meetings on 24 and 25 November² and 16 December³ the Council recognized the need for Community action in this area, but a formal decision, awaited with impatience by Parliament,⁴ still has to be taken.

TABLE 1
Readaptation of workers (ECSC appropriations)

	Coal industry		Steel industry and iron-ore mining		Total	
	Amounts made available (EUA)	Workers	Amounts made available (EUA)	Workers	Amounts made available (EUA)	Workers
Belgium	99 250	—	469 250	610	568 500	610
FR of Germany	—	5 852 ¹	2 481 250	3 656	2 481 250	9 508
France	—	—	4 490 250	7 278	4 490 250	7 278
Ireland	—	—	339 000	229	339 000	229
Italy	—	—	—	—	—	—
Luxembourg	—	—	2 859 500	450	2 859 500	450
Netherlands	—	—	—	—	—	—
United Kingdom	8 039 250	2 346	48 244 750	20 102	56 284 000	22 448
Total	8 138 500	8 198	58 884 000	32 325	67 022 500	40 523

¹ Since the total amount made available to Ruhrkohle AG seems sufficient for readaptation aid for the 5 852 workers mentioned, the Commission has undertaken not to increase it (by DM 14 350 000) except when necessary.

European Social Fund

28. The appropriations for commitments authorized for 1980—909.5 million EUA—were broken down as shown in Table 2.⁵

¹ OJ C 142, 7.6.1979; Bull. EC 5-1979, point 2.1.55; Bull. EC 10-1980, point 2.1.36.

² Bull. EC 11-1980, point 2.1.29.

³ Bull. EC 12-1980.

⁴ Bull. EC 11-1980, point 2.3.7.

⁵ Full information on the Social Fund will be given in its Annual Report, to be published in July.

TABLE 2
Appropriations for commitments (ESF)

	<i>(million EUA)</i>
Operations to assist agriculture and the textile industry	29
Operations to assist young people	358
Operations to assist migrant workers	30
Operations to assist women	20
Aid to improve the employment situation in specific regions, industries or groups of firms	395.5
Operations to assist handicapped persons	74
Consequences of industrial conversion	token entry
Pilot schemes and preparatory studies	3
Total	909.5

The volume of applications approved for each Member State in 1980 was as shown in Table 3 (The figures given here include unused appropriations for commitments from the previous year which were available for reallocation; hence the total differs from that given in the table of appropriations for commitments.)

Overall demand for Fund assistance continued to rise, reaching a total of 1 900 million EUA, thus exceeding by 85% the appropriations available. The greatest disparity between the volume of applications and available resources occurred in the areas of migrant workers (332%), women (245%), young people (80%) and regions (53%). The Commission was therefore obliged to apply rigorously the selection criteria laid down in the guidelines for the management of the Fund during the period 1980-82.¹

Appropriations for payment entered in the 1980 budget amounted to 374.3 million EUA, to which should be added 230.7 million EUA carried over from 1979 and 325.4 million EUA under the supplementary budget for 1980. The total amount of payments made at 31 December 1980 is estimated at 733 million EUA (compared with 595.7 million EUA in 1979).

Studies and pilot schemes were undertaken with grants from the Fund. These mainly concerned young people, regions and training in the setting-up of small and medium-sized businesses.

¹ OJ C 159, 2.6.1979.

TABLE 3
Applications approved (ESF)

	Amount (million EUA) ¹	% per State
Belgium	29.1	2.9
Denmark	19.4	1.9
FR of Germany	108.6	10.7
France	195.8	19.3
Ireland	82.9	8.2
Italy	328.5	32.4
Luxembourg	0.9	0.1
Netherlands	18.3	1.8
United Kingdom	229.6	22.7
Community	1 013.1	100

¹ September 1980 rates.

On 29 April the Commission sent a communication to the Council setting out guidelines for the management of the European Social Fund during the period 1981-83.¹ A new departure here is that, where operations designed to assist young people are concerned, precedence is accorded within the list of regions defined as priority in terms of youth unemployment to those areas which are affected by industrial conversion or restructuring problems.

Operations to assist young people (Article 501 of the budget) and aid to improve the employment situation in certain regions (Article 510) are again allocated in 1981, as in 1980, the largest sums in absolute terms. In addition, some of the operations aided under other headings may, in practice, be carried out in these same regions, thus further concentrating the impact of Social Fund aid on those areas which are either underdeveloped or in difficulty.

By its Decision of 4 December, the Council extended by two years its Decisions enabling the Social Fund to assist workers in the textile and clothing industries, migrant workers, young people under the age of 25 and women.²

On 1 August the Commission put up to the Council a proposal for a Regulation designed to enable the Social Fund to provide assistance towards income support for workers in the shipbuilding industry.³

¹ 1980 Annexed Memorandum, point 68; OJ C 119, 14.5.1980; Bull. EC 4-1980, point 2.1.37.

² OJ L 332, 10.12.1980; Bull. EC 11-1980, point 2.1.31.

³ OJ C 218, 26.8.1980; Bull. EC 7/8-1980, point 2.1.50.

The list of the Greek prefectures where operations would be eligible for a higher rate of aid from the Fund was the subject of a Commission proposal sent to the Council on 20 November.¹

Social protection

Social security and the fight against poverty

29. In connection with its work on the reorganization of working time,² on 17 July the Commission sent to the Council³ a communication on Community guidelines on flexible retirement for the attention of the Standing Committee on Employment.⁴ The three guidelines proposed are designed to ensure a more flexible retirement age and an opportunity for a gradual withdrawal from working life, while taking account of the employment situation.

On 27 November the Council decided on a further measure to combat poverty, lasting one year.⁵

Social security for migrant workers

30. On 18 June the Commission sent to the Council a proposal for a Regulation⁶ amending Regulation (EEC) No 1408/71⁷ to the benefit of unemployed workers. Under this proposal, they would retain the right to unemployment benefit or allowances under early retirement schemes where they transfer their residence to a country other than that in which they were last employed.

On 27 November the Council adopted a Regulation extending Community rules to self-employed persons.⁸ This question and that of protection for formerly

¹ Bull. EC 11-1980, point 2.1.30.

² Point 19.

³ Bull. EC 7/8-1980, point 2.1.43.

⁴ Bull. EC 12-1980.

⁵ Social Report 1979, point 30; Bull. EC 11-1980, point 2.1.35.

⁶ OJ C 169, 9.7.1980; Bull. EC 6-1980, point 2.1.51.

⁷ OJ L 149, 5.7.1971.

⁸ Bull. EC 11-1980, point 2.1.34.

employed persons¹ who have withdrawn from the labour market were the subjects of a Parliament resolution in June.²

On 21 October the Commission sent to the Council a proposal³ designed to render the application of the basic Regulations on social security more effective (Regulations Nos 1408/71 and 574/72).⁴

The Administrative Commission and the Advisory Committee on Social Security for Migrant Worker examined various questions relating to the application of the rules currently in force. The Court of Justice delivered 15 judgments⁵ in cases involving references for preliminary rulings on the interpretation or validity of certain provisions enacted under Article 51 of the EEC Treaty.

Natural disasters

31. In 1980 the Commission granted a total of 4.5 million EUA (of which 1.2 million were covered by the 1979 appropriations) in Community aid to the victims of hurricanes in Reunion, Martinique and Guadeloupe and of floods in several regions of the United Kingdom (Wales), Italy, Belgium and France.

Living and working conditions—Labour law

Wages and the organization of work

32. In the course of infringement procedures initiated against certain Member States⁶ for failure to apply fully the Directive of 10 February 1975 on equal pay,⁷ the Commission sent reasoned opinions on 19 May to the governments of the Netherlands, Belgium, Luxembourg and the United Kingdom. The Netherlands and the Federal Republic of Germany subsequently adopted the necessary laws.

¹ OJ C 246, 17.10.1978.

² OJ C 175, 14.7.1980; Bull. EC 6-1980, point 2.3.16.

³ OJ C 303, 20.11.1980; Bull. EC 10-1980, point 2.3.39.

⁴ OJ L 149, 5.7.1971; OJ L 74, 27.3.1972.

⁵ Points 47 to 51 (Cases 41/79, 53/79, 67/79, 69/79, 110/79, 121/79, 143/79, 733/79, 793/79, 796/79, 807/79, 810/79, 818/79, 1/80 and 4/80).

⁶ Social Report 1979, point 34.

⁷ OJ L 45, 19.2.1975.

*Labour law, industrial relations
and participation of the two sides of industry*

33. Cooperation between the two sides of industry at industry level continued both in the various joint committees and through informal contacts or consultations. Thus, the Joint Committee on Social Problems in Sea Fishing considered a draft social action programme,¹ similarly, the Joint Committee on Social Problems affecting Agricultural Workers prepared an agreement limiting the working week in the livestock sector² which was subsequently approved by the trade organizations. Work also continued on the harmonization of social legislation relating to road transport and inland waterways.

As regards inter-industry consultations, the Council adopted a new procedure to improve the flexibility and effectiveness of the working methods of tripartite conferences.³

34. On 24 October the Commission sent to the Council a proposal for a Directive on procedures for informing and consulting the employees of undertakings with complex structures, in particular transnational undertakings;⁴ the aim is to make it compulsory to provide information on the affairs of the undertaking as a whole and also to consult the employees (in the event of closure, reorganization, etc.) of subsidiaries or plants employing at least 100 workers, whether the activities of the undertaking are purely national or transnational.

35. On 20 October the Council adopted the Directive⁵ on the approximation of the laws of the Member States relating to the protection of employees in the event of the insolvency of their employer. Member States will have 36 months in which to set up guarantee institutions independent of the employer's operating capital—so that their assets cannot be seized in proceedings for insolvency—and responsible for the payment, within certain limits, of the outstanding claims of employees arising before the insolvency of the employer.

¹ Bull. EC 9-1980, point 2.1.32.

² Bull. EC 6-1980, point 2.1.58.

³ Bull. EC 6-1980, point 2.1.57.

⁴ OJ C 297, 15.11.1980; Bull. EC 10-1980, points 1.3.3 and 1.3.4; Supplement 3/80 - Bull. EC.

⁵ OJ L 283, 28.10.1980; Bull. EC 10-1980, point 1.3.2.

Housing

36. The Commission launched the ninth ECSC subsidized housing scheme¹ and continued its work under preceding programmes.²

TABLE 4
ECSC subsidized housing
(Situation at 31 December 1980)

(million EUA)

Member States	Eighth scheme			Total first to eighth schemes		
	ECSC	Borrowed funds	Number of dwellings	ECSC ¹	Borrowed funds	Number of dwellings
Belgium	4.10	—	781	11.51	18.59	7 920
Denmark	0.89	—	420	1.55	—	546
FR of Germany	20.27	—	9 620	79.61	13.24	97 475
France	10.96	—	6 930	45.02	—	34 388
Ireland	0.40	—	117	0.87	—	239
Italy	6.00	14.91	1 432	24.37	24.71	8 408
Luxembourg	1.30	—	219	4.35	1.70	1 319
Netherlands	1.97	—	792	9.07	2.14	6 142
United Kingdom	9.11	—	4 190 ²	13.11	—	10 717
Total	55.00	14.91	24 501	189.46	60.38	167 154

¹ Special reserve, former ECSC pension fund, subsidies or technical research.

² Situation at 31 December 1980—operations not yet completed.

On 17 September the Commission sent a communication to the Council concerning the implementation of pilot housing projects to promote the social integration of handicapped persons and migrant workers during the period 1976 to 1978.³ In this connection, it financed a number of projects during 1980 concerning the housing of these categories of persons.

¹ Bull. EC 7/8-1980, point 2.1.52.

² Bull. EC 12-1980.

³ Bull. EC 9-1980, point 2.1.31.

Social services and family matters

37. The Commission convened a meeting of the Liaison Committee for Social Workers in the European Community to examine current problems in social work in the Member States. It also published and gave wide publicity to the findings of a survey carried out in the nine Member countries of the Community, 'Europeans and their children'.¹

Health and safety

Public health

38. The Commission continued its work in the field of public health² in association with the WHO and the Council of Europe. It also held an international symposium in Luxembourg from 2 to 4 July on the role of the physician in health education³ with a view to developing a strategy for preventive behaviour by the general public.

Radiation protection

39. On 15 July the Council amended its Directives laying down the basic safety standards for the protection of the health of workers and the general public against the dangers arising from ionizing radiation.⁴

The proposal for a Directive laying down the basic measures applicable to the radiation protection of persons undergoing medical examination or therapy,⁵ adopted to take into account the otherwise favourable account of the Economic and Social Committee,⁶ was sent to the Council on 18 December.⁷

¹ Bull. EC 5-1980, point 2.1.29.

² Social Report 1979, points 39 and 40; Bull. EC 11-1980, point 2.1.40.

³ Bull. EC 7/8-1980, point 2.1.58.

⁴ OJ L 246, 17.9.1980; Bull. EC 7/8-1980, point 2.1.54.

⁵ Social Report 1979, point 41.

⁶ OJ C 230, 8.9.1980; Bull. EC 7/8-1980, point 2.3.54.

⁷ Bull. EC 12-1980.

On 26 June the Commission sent to the Council a proposal for a Directive laying down basic standards for the health protection of workers and the general public against the dangers of microwave radiation.¹

Health aspects of the environment

40. In the course of the year the Commission delivered opinions pursuant to Article 37 of the Euratom Treaty on the discharge of radioactive waste from the nuclear power stations at Bugey, Tricastin, Gravelines and Dampierre (each power station consisting of four units of 900 MWe), from the Marcoule fission-product vitrification workshop (AVM) and from the Eurodif (France) uranium-enrichment plant. Opinions were also delivered on radioactive discharges from the Dounreay irradiated-fuel reprocessing plant, from the Heysham power station (United Kingdom) (two units of 625 MWe) and from the Exxon fuel-element fabrication plant at Lingen (Federal Republic of Germany). A study is being made of two other projects involving the nuclear power stations at Saint Laurent des Eaux (B1 and B2) and Le Blayais (four units).

In September the Commission published the fifth edition of its balance sheet on radioactive-waste discharges from nuclear power stations and irradiated-fuel reprocessing plants in the Community. A magnetic-tape library has been set up which can be used to calculate on a computer the radiological impact of the waste under normal operating conditions. The dispersion of effluent in the atmosphere in the case of a reactor accident was the subject of a seminar at Risø organized in conjunction with the biology, radiation protection and medical research programme.

Safety, hygiene and health protection at work

41. On 27 November the Council adopted a framework Directive for the protection of workers from harmful exposure to chemical, physical and biological agents at work.² This Directive is based on the Council Resolution of 29 June 1978³ on an action programme of the European Communities on safety and health at work.

¹ OJ C 249, 26.9.1980; Bull. EC 6-1980, point 2.1.59.

² OJ L 327, 3.12.1980; Bull. EC 11-1980, point 2.1.38.

³ OJ C 165, 11.7.1978.

In this connection the Commission transmitted to the Council on 26 September a proposal for a second specific Directive, on asbestos.¹ The first Directive, on lead, which had been proposed by the Commission in December 1979,² was the subject of an opinion delivered by the Economic and Social Committee in September.³

In pursuance of the Cooperation Agreement concluded between the Commission and the United States, the Commission also organized, in collaboration with the US authorities, a joint seminar on the roles of atmospheric and biological monitoring in the assessment of toxic agents at work.

New activities have also got under way, particularly as regards safety instruction connected with accident prevention.⁴

ECSC social research

42. ECSC social research (Article 55 of the Treaty of Paris), organized on the basis of multiannual programmes, went ahead⁵ and was extended as a result of the adoption by the Commission of a new programme on ergonomics (IV), for which 13 million EUA had been allocated.

Mines Safety and Health Commission

43. The Commission held three plenary meetings, at which it adopted, in addition to its annual report, various proposals to governments with special reference to the purification of gassy galleries and the construction and checking of oxygen self-rescuers.⁶ The Commission devoted special attention to the task of drawing up its programme of work for the next three years.⁷

A series of studies was launched on the safe operation of monorails, the prevention of sudden subsidence and the safety of chains used underground. In addition, a symposium on deep-sea diving was held in Luxembourg on 9 and 10 October.⁷

¹ 1980 Annexed Memorandum, point 77; OJ C 262, 9.10.1980; Bull. EC 9-1980, point 2.1.34.

² OJ C 324, 10.12.1979; Bull. EC 12-1979, point 2.1.70.

³ OJ C 300, 18.11.1980; Bull. EC 9-1980, point 2.3.38.

⁴ Bull. EC 5-1980, point 2.1.32.

⁵ Social Report 1979, point 45.

⁶ Bull. EC 5-1980, point 2.1.34.

⁷ Bull. EC 10-1980, points 2.1.43 and 2.1.44.

The General Commission on Safety and Health in the Iron and Steel Industry continued its work, assisted by five working parties.¹

Handicapped persons

44. The social and vocational reintegration of handicapped persons is still one of the Community's main objectives. Community action in this area is continuing to develop, backed mainly by financial aid from the European Social Fund.² The Commission has undertaken to cooperate in the preparations for the International Year of the Handicapped Person (1981), organized by the United Nations.

Paul Finet Foundation

45. During the 1979/80 academic year the Executive Committee of the Paul Finet Foundation examined 1 328 applications and awarded 980 scholarships totalling BFR 9 961 084 (average amount per scholarship: BFR 10 164).

Since the Foundation was set up in 1965, some 13 855 cases have been examined and 9 787 scholarships, totalling BFR 84 888 292, have been awarded.

Interpretation and application of the social provisions by the Court of Justice

Social security for migrant workers

46. The interpretation and application of Regulations Nos 1408/71 and 574/72³ continue to give rise to numerous references for preliminary rulings. These give the Court an opportunity of affirming and amplifying its earlier decisions, which have sought to establish, on the basis of the provisions that fall to be considered, the interpretation which reflects the objectives of freedom of movement for persons and the general scheme of the rules.

¹ Bull. EC 5-1980, point 2.1.33.

² Point 28.

³ OJ C 138, 9.6.1980 (consolidated version).

47. Notable, first of all, among the Court's findings are those dealing with the definition of the legislative powers of Member States. The Court accepts that it is for each Member State to lay down the conditions attaching to the right or the obligation to become affiliated to a social security scheme or to a particular branch of such a scheme. The only requirement imposed by the Court is the prohibition of discrimination between nationals of the host State and nationals of the other Member States.¹ It is also the responsibility of the States to determine the effects of an erroneous affiliation. The Court adds that it is permissible for the Member States to provide for separate social security schemes involving special conditions for affiliation according to the nature of the risks to be covered or the benefits to be provided,² and that Community rules do not prevent a State from granting more favourable social benefits to a worker than those it is required to provide under Community provisions.³ In the same way it is for national law to determine how, in the context of the relationships between the institutions concerned, the allocation of the cost of the benefits payable is to be regulated.⁴

48. The range of persons to whom the Community rules apply (meaning of 'worker' in Article 1(a)(ii) of Regulation No 1408/71) is to be interpreted widely. The Court held in this connection that a person who is entitled under the laws of a Member State to benefits covered by Regulation No 1408/71 by virtue of contributions he was previously required to pay does not lose his status as a worker within the meaning of the Regulation by reason only of the fact that at the time when the contingency occurred he was no longer paying contributions and was not bound to do so.⁵

49. The Court was also called upon to give a ruling on the provisions of Regulation No 1408/71 regarding the non-aggregation of benefits. The case at issue concerned family benefits for the dependent children of the recipient of a pension. In its judgment of 12 June 1980⁶ the Court extended to the application of Article 77 (2) of Regulation No 1408/71 the rule that had been established in the *Rossi*

¹ Case 110/79 *Coonan v Insurance Officer*: not yet reported. Case 266/78 *Brunori v Landesversicherungsanstalt Rheinprovinz* [1979] ECR 2705; see also, as regards the back-payment of contributions to an old-age pension insurance scheme, Case 810/79 *Überschär v Bundesversicherungsanstalt für Angestellte*: not yet reported.

² Case 110/79 *Coonan v Insurance Officer*: not yet reported.

³ Case 69/79 *Jordens-Vorsters v Bestuur van de Bedrijfsvereniging voor Leder- en Lederverwerkende Industrie* [1980] ECR 75.

⁴ Case 818/79 *Allgemeine Ortskrankenkasse Mittelfranken v Landesversicherungsanstalt Ober- und Mittelfranken*: not yet reported.

⁵ Case 143/79 *Walsh v National Insurance Officer*: not yet reported.

⁶ Case 733/79 *Caisse de compensation des allocations familiales v La Terza*: not yet reported.

judgment¹ concerning Article 79(3) of the Regulation. Unlike the latter provision (suspension clause) the rules contained in Article 77(2) are to be understood as conflict-of-laws rules. They determine the law applicable to the granting of family benefits. It follows from this, in particular, that a worker who is entitled to a pension in more than one Member State and who resides in one of those States receives family benefits under the law of the latter State. However, basing its decision on the aims of Article 48 of the Treaty, the Court ruled that this provision must be interpreted to mean that entitlement to family benefits payable by the State in whose territory the recipient of a pension resides does not cancel a prior entitlement to greater benefits payable by another Member State. This was also held to apply in respect of orphans' benefits payable to the children of workers who are subject to more than one legal system (Article 78(2)).²

50. Similarly, the Court held that, while Article 8 of Regulation No 574/72 on the granting of maternity benefits took the form of a rule on the applicable law, it formed part of the provisions designed to prevent benefits being drawn concurrently.³

51. As regards unemployment benefits, Article 68(1) of Regulation No 1408/71 stipulates that, where they are calculated under the law of the competent State on the basis of the previous remuneration, only the remuneration earned in the last employment of the person concerned in the territory of that State must be taken into account. However, where the person concerned has been in his last employment in that territory for less than four weeks, the benefits are calculated on the basis of the normal remuneration paid at the place of residence for equivalent or similar employment.

A special problem arose in regard to unemployed frontier workers since, by way of derogation from the general rule, the law which applies to them is not that of the country of employment but that of the country of residence (Article 71 (1) (a) (ii)). Since the aim is to provide workers with unemployment benefits in proportion to the remuneration received at the time when they became unemployed, the rule should also be applied to frontier workers. The Court therefore held that Article 68 (1) must be interpreted to mean that unemployment benefits for frontier workers must be calculated with reference to the remuneration earned in the last

¹ Case 100/78 [1979] ECR 831.

² Case 807/79 *Gravina v Landesversicherungsanstalt*: not yet reported.

³ Case 143/79 *Walsh v National Insurance Officer*: not yet reported.

employment in the Member State in which the worker was employed immediately before he became unemployed.¹

Equal pay for men and women

52. In its judgment in Case 129/79² the Court affirmed its findings in the *Defrenne* judgment of 8 April 1976³ on the effects of Article 119 of the Treaty. The present case, referred by the Court of Appeal in London, concerned a woman who had been engaged as a warehouse manageress by a wholesaler of medicinal products and had complained of discrimination in regard to pay on the grounds that the man who had held the job four months earlier had been paid more.

The Court reiterated that Article 119 was directly applicable, without the need for more detailed implementing measures on the part of the Community or the Member States, to all forms of direct and overt discrimination which may be identified solely with the aid of the criteria of equal work and equal pay. The Court stated that the principle of identical work was not confined to situations in which men and women contemporaneously perform the same work for the same employer.

Was it also possible for a female employee to claim, on the basis of Article 119 alone, not only the pay earned by a male employee who had previously performed the same work for her employer, but also, in more general terms, the pay to which she would be entitled if she were a man, even though no male employee was now or had been performing similar work? The Court rejected this possibility. This would fall to be classed as indirect, disguised discrimination which had to be identified on the basis of tests previously determined by the legislative bodies of the Community or Member States. Comparisons in cases which fall within the direct scope of Article 119 are limited to those which can be drawn on the basis of concrete appraisals of the work actually performed in the same establishment or service by employees of different sex.

¹ Case 67/79 *Fellinger v Bundesanstalt für Arbeit* [1980] ECR 535; Community rules on social security have also given rise to other judgments: Case 150/79 *Commission v Belgium*: not yet reported; Case 69/79 *Jordens-Vorstens v Bestuur van de Bedrijfsvereniging voor Leder- en Lederwerkende Industrie* [1980], ECR 75; Case 53/79 *ONPTS v Daminani* [1980] ECR 273; Case 1/80 *FNROM v Salmon*: not yet reported; Case 793/79 *Menzies v Bundesversicherungsanstalt für Angestellte*: not yet reported; Joined Cases 41, 121 and 796/79 *Testa, Maggio and Vitale v Bundesanstalt für Arbeit*: not yet reported; Case 4/80 *d'Amico v ONPTS*: not yet reported.

² Case 129/79 *Macarthy's Ltd v Smith*: not yet reported.

³ Case 43/74 *Defrenne v Sabena* [1976] ECR 455.

C — Social developments in 1980

Chapter I

Employment

(including migrant workers)

Trends within the Community

55. There was a sharp downturn in economic activity in all the Member States in 1980. Available estimates put the Community's GDP growth-rate at 1.3% as against 3.5% in 1979.

The employment situation continued to deteriorate throughout 1980 with a marked rise in the unemployment level in the second half of the year (the number of jobless rose by 28.8% between December 1979 and December 1980). The steepest increases were recorded in the United Kingdom (+66%), Denmark (+56%), The Netherlands (+49%) and Ireland (+38%). At the end of 1980, there were 8.0 million people out of work in the Community, i.e. 7.1% of the working population.

In national employment policies, main emphasis was on the functioning of labour market policy. Some Member States, such as France and The Netherlands, took steps to strengthen their public employment services. Economic policies, on the other hand, were characterized by caution and even restraint in the light of worsening balance-of-payments deficits and accelerating inflation rates at the beginning of the year.

56. At Community level, efforts focused on the implications for employment of new technologies, the Community's labour market policy and the reorganization of working time.

These problems were the subject of the four meetings which the Standing Employment Committee held in 1980 and of which the most important results are covered in the General and Political Introduction.¹

¹ Points 6 to 8.

In particular, the subject of the labour market policy to be followed at Community level, after having been discussed by the Standing Employment Committee at its 18th meeting, was also discussed more thoroughly by the Council of Ministers of Employment and Social Affairs on 27 June 1980 which adopted a resolution on guidelines for a Community labour market policy.¹ This resolution emphasizes the following principal guidelines and actions:

- (i) strengthening of cooperation between the relevant national and Community departments to facilitate wider dissemination of statistics, studies and research available on the labour market at national and Community level;
- (ii) integration of the Community labour market, which should be fostered within the framework of free movement of labour within the Community, particularly by effective implementation of the European system for the international clearing of vacancies and applications for employment (SEDOC) and by appropriate consultations on migration policies *vis-à-vis* third countries in accordance with the Council's conclusions of 22 November 1979;
- (iii) strengthening and adaptation of the national vocational guidance and training systems and revival of activities designed to promote a common vocational training policy. The Community will support the reforms envisaged by certain Member States to improve their vocational training structures, in particular by fostering technical and administrative cooperation between Member States;
- (iv) as regards placement, ensuring that appropriate structures exist, that the methods used to seek out available jobs are improved and that the services rendered are of a high quality. Community action in this area should support the implementation of the guidelines already adopted, with particular reference to the structure of placement services, and be directed towards the development of effective cooperation between national public employment services in areas such as staff training, computerization of public employment services and vocational guidance;
- (v) continuation of special initiatives already undertaken at Community level to help certain categories of workers;
- (vi) development of forward management methods to deal with labour market problems at both undertaking and local labour market level. The Community will lend its support by facilitating the exchange of experience and fostering an improvement in the provision of information.

¹ OJ C 168, 8.7.1980.

57. Statistics available on immigration in the first nine months of 1980 suggest that in relation to last year, there was a slight increase in the number of Community and non-Community workers entering to take up employment for the first time. As regards third country workers, however, it is to be noted that for certain Member States a large proportion are refugees. It should be stressed that several Member States report a shortage of skilled workers who are apparently not available within the Community.

Development of the situation in the member countries

Belgium

58. During 1980, the economic indicators pointed to a marked deterioration in the economic situation. According to initial estimates, the GDP growth-rate is about 1.2% ; moreover, according to the Banque nationale, the business activity indicator fell from 100 in October 1979—one of the highest levels since the beginning of the crisis—to 79.5 in December 1980. Rising unemployment was therefore inevitable, if the growth in investment in rationalization programmes and the increase in the number of people of working age during the period under review are taken into account.

The number of job-seekers had risen to 430 500 in December 1980, a 17.4% increase compared with December 1979. In the same month, the respective shares of women, foreign workers and young people in total unemployment were as follows: women 60.1% (63.4% in 1979); foreign workers 13.2% (13.7% in 1979); young people under 25 39.0% (38.5% in 1979). Thus a decline can be seen in the relative shares of the two first groups which has to be considered in the light of the appreciable increase in unemployment among men. The period since July 1980 has seen a sharp rise in the number of job-seekers in a category which had been spared for some years: unemployed Belgian male workers over 25 receiving benefits. This rise could be the precursor of increases in the numbers of job-seekers in the other categories.

The Government's programme to reabsorb unemployment was continued with a degree of success which may be quantified through the number of persons involved (work programmes—training schemes—early retirement—temporary special programme, etc.). According to the ONEM (National Employment Office) this figure increased by 6 887, or +4.2% between November 1979 and November 1980.

In addition, a Ministerial memorandum addressed to the ONEM during the summer of 1980 stressed the importance of tighter checks on the legal obligations of unemployed persons, calling for stricter supervision of the registered unemployed through the standardization of criteria for the granting of benefits, shortened procedures in the event that job offers are refused, and greater vigilance in the detection of abuses and fraud. At the same time, the memorandum emphasizes the need to improve personal relations between the authorities and job-seekers and to speed up action in individual cases.

As regards job-creation measures and recruitment premiums,¹ the first available results testify to keen interest on the part of both small and medium-sized firms and large companies. A provisional estimate, based on applications for both quarterly and annual grants under these schemes, indicates that a total of around 30 000 new jobs had been provided at the end of December 1980. As for reductions in working time, it has been estimated that at the end of 1980, 69% of wage earners in the private and public sectors were working fewer than 40 hours per week.

In addition, a number of measures aimed at fighting unemployment have still to be submitted to the two sides of industry. These include better vocational training, better organization of working time, restructuring of the relationship between education and employment and greater worker mobility.

For the long-term unemployed, retraining grants were also introduced for persons unemployed for more than six months.

59. The Royal Decree of 5 October 1979, which introduced certain restrictions designed to combat abuses with regard to entry permits for members of workers' families, did not prevent the number of permits granted for genuine cases from showing a slight increase in 1980 compared with the previous year. Action against the entry and employment of clandestine workers in Belgium is being rigorously pursued.

It is estimated that the total number of foreigners in Belgium rose from 890 000 in 1979 to 900 000 in 1980. The number of foreign workers was estimated at 321 000 (including 171 000 Community nationals) at the end of 1979 and 330 000 at the end of 1980.

A new law, published in the *Moniteur belge* of 31 December 1980, commonly called 'the immigrant's statute' sets out the rules for entry, residence, establishment and expulsion of foreigners. It also provides for the creation of an advisory committee on foreigners within the Ministry of Justice.

¹ Linked to a reduction in the working week to 38 hours—see Social Report 1979, point 54.

Denmark

60. In 1980 Denmark experienced a slowdown in economic activity: GDP, which rose by 3.5% in 1979 (at constant prices), declined by 0.9%. This was accompanied by a rise in the overall activity rate due to an increase in the number of female job-seekers. As a result, despite early retirement schemes affecting about 55 000 people, unemployment began to rise again.

In December 1980 there were 221 300 jobless as against 143 200 in December 1979. The annual average, which stood at 137 500 in 1979, rose to 162 100 in 1980. In the light of current economic prospects, it is anticipated that unemployment will rise much faster between 1980 and 1981. The construction and public works sector was one of those which suffered a significant rise in unemployment in 1980. If the recession in this sector continues, it is likely to spread to related industries; measures to facilitate mortgage lending were therefore taken to alleviate the crisis.

In May 1980, an Employment Plan involving expenditure of DKR 5 400 million for 1981 and DKR 5 200 million per annum for 1982 and 1983 was adopted. This plan aims to start up a number of new initiatives contributing to improving both the balance of payments and the employment situation. This plan extends and amplifies the 1977 employment promotion plan which was due to expire at the end of 1980. Under the new plan DKR 2 500 million has been earmarked for industrial and export promotion in 1981; it also provides for the continuation of a whole range of measures introduced under the 1977 plan (expiring at the end of 1980), notably some measures concerning employment and training, for which DKR 1 400 million will be made available in 1981. In addition, the rules governing job offers for the long-term unemployed and the provisions of Law No 488 of 1977, which lay down special measures to combat unemployment among young people at local and regional level (*kommuner* and *amtskommuner*) have been extended until the end of 1983. The Employment Plan also provides for initiatives in energy policy, urban renewal and redevelopment, transport and public services.

Under the Employment Plan for 1981-83, placement activities will be stepped up with a view to remedying the paradoxical situation where manpower shortages exist alongside unemployment. The National Labour Commission (*land-sarbejdsnaevn*), which has conducted a study of this paradox, reported that the firms under review notified about two-thirds of their vacancies to the employment services during a single week in November 1979. It emerged from the study, that job offers are frequently notified to these services at the last moment, with the result that in one-third of all cases there was only a single day—or even less—in which to find suitable applicants. Special skills were required for nearly three-fifths of the

vacancies, which did not differ as regards working time and schedules from those normally on offer on the labour market.

The number of new job offers notified to the employment services fell significantly between 1979 and 1980. However, it should be stressed that by no means all vacancies are notified, since notification is not compulsory.

Only 4% of the male working population was in part-time employment, while the corresponding figure for females was 45%. More than half of the women working part time are employed in office work, mainly in administrative departments in the public sector, and in the liberal professions. In this sector, 49% of all women work part time, while in the commercial sector and the distributive trades the equivalent figure is 47%; in the service and manufacturing industries the corresponding figures are 46% and 32% respectively. The proportion of women holding part-time jobs has risen from about 29% in 1967 to 45% at the present time. The most marked increase took place between 1967 and 1973. Over the same period, the proportion of men working part time has remained more or less static (4-6%).

A joint report by the Ministries of Labour, Education and Home Affairs on the fight against unemployment amongst young people in 1979 reveals that 39 000 young people under the age of 25 benefited from special training and employment measures for the young unemployed. This figure includes about 8 000 young people who were already benefiting from such measures in 1978.

61. On 1 January 1980 there were 46 317 foreign workers in Denmark (excluding Swedish, Norwegian, Finnish and Icelandic workers), of whom 14 394 were Community nationals; this represents an increase of 2 500 over 1979 in the number of non-Community workers.

The ban on immigration affecting nationals other than those from the Nordic countries and the Community remained in force.

New provisions entered into force on 1 July with regard to the entry of foreigners into Denmark, residence in Denmark and the rules governing expulsion or repatriation. As regards members of workers' families, whereas foreigners used to be entitled to bring children below the age of 20 into Denmark the age-limit has now been reduced to 18.

Federal Republic of Germany

62. The general economic upswing recorded in 1979 continued into the early part of 1980, but the middle of the year saw a reversal of this trend due to a decline in

both foreign and domestic demand. The real GDP rose by 1.8% in 1980 (as against 4.5% in 1979), primarily thanks to the investment activities of trade and industry, though exports also played a significant role during the first half of the year.

As regards the number of workers in employment, the positive trend which had been evident since mid-1977 levelled off in the second half of 1980. The annual average of 22 130 000 was nevertheless higher than the corresponding figure for the previous year (21 924 000). The increase during the early part of 1980 took place largely in manufacturing industry and the private services sector, whilst the total employed in the building trade began to fall in summer under the influence of the recession in this sector.

An increasingly marked divergence between the various elements of the labour market situation became evident during the period under review, with the unemployment rate reaching 3.7% of the civilian working population in July/August 1980 (as compared with 3.5% in July/August 1979) in spite of the fact that the number of workers in employment was higher than in 1979. This development can be explained by the prevailing trend on the supply side of the labour market, i.e., the increasing number of people seeking jobs. A particularly important factor here was that there were more people leaving full-time education and training, and hence more young job-seekers, than in 1979. The fact that the number of unemployed fell only slightly even during the early part of the year, when the figures for workers in employment were rising relatively rapidly, can probably be ascribed primarily to a substantial increase in the number of foreigners employed in the Federal Republic and to the return to the labour market of women (who had earlier ceased work for family reasons. Over the year as a whole, the average number of registered unemployed was 889 000, as against 876 000 in 1979. Unemployment was disproportionately high among women (who in 1979 accounted for 52.4% of the unemployed as against only 37.2% of the total labour force). Thanks to the recession in the motor-vehicle industry and certain related sectors there was a marked increase in short-time working during the second half of the year.

The imbalances between supply and demand on the various regional and sectoral labour markets became increasingly evident during 1980—structural problems arising with regard to skilled labour in particular, where demand exceeded supply. The reverse continued to be the case in relation to older workers, job-seekers with health problems (especially the severely handicapped) and workers without qualifications. Roughly a third of the women on the register (an annual average of 165 000) were seeking part-time employment. In addition, there was a perceptible increase in youth unemployment for the first time in five years: some 93 000 young people under 20 were registered as unemployed in December 1980, an increase of 33.2% over December 1979.

Action taken during the year under review to combat unemployment included both the continuation of existing measures and the introduction of certain new ones.

One major facet of State activities in this connection which became fully effective in 1980 was the Federal Government's special DM 900 million programme aimed at improving the employment situation in problem areas.¹ By the end of 1980, more than 44 000 workers, both employed and unemployed, had been helped by measures under this programme, with the emphasis on skilled vocational training, the reintegration of unemployed persons and job-creation schemes designed to improve social services and infrastructures. In addition, the ninth outline plan for Federal/*Land* Government activities aimed at improving regional economic structures envisages action during the period 1980-83 to create 305 000 new jobs and safeguard 164 000 existing jobs which are at risk. For these purposes measures will be needed to stimulate private investment totalling some DM 47 300 million.

The latest amendment to the Employment Promotion Law¹ gave rise to a series of new measures. Amongst these innovations, vocational information and guidance courses for the unemployed proved particularly successful.

The Federal and *Land* authorities decided to extend the third special programme for the severely handicapped until the end of 1980. This programme was carried out by the employment offices and total expenditure amounted to DM 230 million, paid out of income from the compensatory levy imposed on employers failing to fill their quota under the Law on the severely handicapped.

In July the Federal Cabinet approved an action programme entitled 'Rehabilitation in the Eighties' which is designed to follow on from the programme begun in 1970 with a view to improving the situation of the handicapped. This new programme outlines the various measures which the Federal Government believes should be taken during the coming years to further improve the situation of the 4 million or so handicapped persons in the country. The main points are changes in the statutory provisions aimed in particular at closer alignment between the various bodies as regards the assistance provided rehabilitation, better educational opportunities for handicapped children, young people and adults, more effective action to integrate the severely handicapped into either open or sheltered employment, greater opportunities for handicapped people to play a normal role in society and improved provision for the mentally handicapped.

The year under review also saw the entry into force, on 1 October, of a new Federal Labour Office directive intended to encourage the creation of jobs. The main aims are the provision of suitable permanent jobs for those unemployed persons who are

¹ Social Report 1979, point 58.

difficult to place—notably older workers, those partially incapacitated for work and the long-term unemployed—and the elimination of regional imbalances on the labour market. By according priority to projects designed to improve social infrastructure, it is hoped to combine the creation of additional permanent jobs with action to further other urgent social policy objectives such as the extension of the social services, the improvement of environmental protection and the habitat, etc.

63. In the light of proposals submitted by the Ministry of Labour's Coordinating Group on the Employment of Foreigners, the Federal Government took a series of decisions on 19 March 1980 aimed at facilitating the integration of second-generation immigrants and relating, amongst other things, to access to the labour market.

Under a further decision taken on 19 June 1980 with a view to preventing abuse of the right of asylum, persons applying for asylum will no longer automatically receive work permits on arrival in the Federal Republic of Germany. Finally, visas were reintroduced for the nationals of certain non-member countries travelling to the Federal Republic.

The number of foreign workers entering the labour market increased perceptibly during the year under review, though it should be noted that this increase includes persons applying for asylum, workers engaged on fixed-term, non-renewable contracts, political refugees and trainees from non-Community countries.

At end March 1980, the total number of foreign workers in employment was 2 040 600 and an estimated 449 000 nationals of other Member States were working in the Federal Republic of Germany. This represents an increase of 7.3% (138 000) between March 1979 and March 1980.

France

64. Economic activity slowed down appreciably in 1980: according to available estimates, the gross domestic product (GDP) increased by only 1.5%. Along with that recorded in 1975 (+0.3%), this growth-rate is the lowest since the end of the Second World War. From the macro-economic point of view, the main trends in employment observed over the last five years persisted: quasi-stagnation of the overall employment level and continuing decline of employment in industry.

Situation reports on industrial undertakings indicate that labour bottlenecks eased appreciably in the second half of 1980, so that demand remained slight overall, even though there were a few specific and localized shortages.

The rapidly rising trend in unemployment persisted. At the end of 1980, 1 632 000 job-seekers were registered with the National Employment Agency (ANPE), an unemployment rate of some 7.3%, while the average duration of recorded unemployment remained high. In December 1980, the average length of time applications had been on the books was 240 days, i.e. eight months, as in December 1979. The proportion of long-term unemployed (unemployed persons registered for more than 12 months, expressed as a percentage of the total number registered jobless), which has been increasing rapidly since 1975, reached 22% in December 1980.

The proportion of young people in the total number of job applications recorded stayed at the same level as last year (i.e., some 45% in December 1980). On the other hand, the proportion of women in the total number of applications fell from almost 55% in December 1979 to some 53% in December 1980.

Continuity in general economic policy and in labour market policy was the rule in 1980. The main employment promotion measures were contained in the third national 'employment pact' which covers the period from 1 July 1979 to 31 December 1981. On 30 June 1980, when the first year of the pact's implementation ended, some 455 000 persons, mainly young people, had benefited from the measures initiated (as compared with 580 000 under the first pact and 313 000 under the second).

The breakdown is as follows:

- (i) 122 488 apprenticeship contracts were concluded in undertakings with more than ten employees, carrying total exemption from employers' contributions for one year where the firms are not engaged in craft activities, and for two years in other cases;
- (ii) 151 558 young people aged up to 26 were recruited under a clause giving exemption from half the employers' social security contributions for a maximum of 12 months;
- (iii) 55 303 trainees followed in-service training courses lasting a minimum of six months for young people of 26 and under, the State paying 70% of their remuneration (corresponding to 90% of the SMIC minimum wage);
- (iv) 64 253 employment training contracts were concluded, carrying exemption from half the employer's social security contributions;
- (v) 46 227 trainees attended courses, the State paying 25% of the SMIC for young people between the ages of 16 and 18 and 75% for those aged 18 to 26, as well as the employer's social security contributions.

In the second phase of the pact (1980-81) the target aimed at by the Ministry of Labour is 530 000 beneficiaries.

65. As regards residence of non-Community foreign workers in France, the law of 10 January 1980 on the prevention of illegal immigration provides the public authorities with additional powers to limit such entries. The main feature of the law is that it extends the grounds on which foreign workers may be deported or permission to enter France refused.

Previously, the Ministry of Interior could deport aliens only on the grounds that they represented a threat to public order or their presence was contrary to the public interest. The new law provides for six grounds for expulsion, the five new ones all being concerned with the rules regarding residence permits.

A new agreement between France and Algeria provides for a ten-year residence permit for Algerian workers who entered France before 1 July 1962, and a permit for three years and three months for others. Machinery for cooperation between the Algerian and French Governments should make it possible to organize the return home of Algerian workers (allowances, training and assistance in setting up small businesses).

In 1979, while the immigration of seasonal workers increased by 1.7% over 1978, bringing their number to 124 715 (81.4% of whom were Spaniards), entries of permanent workers dropped by 5.2%, to the lowest level since 1975, the first year of the ban on immigration.

Ireland

66. There was a deterioration in the economic situation in Ireland during 1980. The rate of economic growth fell from about 2% in 1979 to 1% while inflation averaged 18%.

There was an increase in the total level of employment in the 12 months period up to April 1980 (from 1 145 000 in April 1979 to 1 163 000 in April 1980). Although over 20 000 new jobs were created in manufacturing (mainly in new grant-aided industries) jobs losses in this sector amounted to 25 000. Overall the rate of increase in the total level of employment has been slowing down.

The steady decline in the numbers seeking work during 1979 was reversed in 1980 resulting in an increase in the overall number of unemployed from 88 600 in December 1979 to 122 200 in December 1980 and an increase in the rate of

unemployment from 7.8% to 10.2%. About one-quarter of those unemployed were under 25 years of age.

Overall the Government has maintained a high level of public expenditure (incurring a high level of external borrowing). It has also developed its range of specific labour market measures. The Employment Incentive Scheme under which premiums are payable for additional unemployed workers recruited has been maintained, benefiting some 11 000 jobs in 1980.

The Employment Maintenance Scheme was replaced from 1 April 1980 to 31 December 1980 by the Employers' Temporary Subvention to assist firms in sensitive sectors whose workers face threats of serious unemployment. The youth programmes described in last year's Report¹ were continued in 1980.

In September 1980 discussions on a Second National Undertaking for Social and Economic Development were concluded. A major part of the undertaking is concerned with employment, under which the Government has undertaken to initiate new measures to stimulate job-creation and reduce job losses, aimed at increasing by 15 000 units the net level of employment during 1981.

67. A Committee on Emigrant Services (whose terms of reference have been altered in October 1979 by the Minister for Labour) has the function of examining the effectiveness of existing welfare services for Irish workers in Britain and, where necessary, making recommendations about financial assistance towards the employment of social workers by Irish centres there.

Its new duties will also include developing liaison between interested organizations in Ireland and appropriate bodies abroad and advising generally on facilities.

The Committee will assist the National Manpower Service in making known to emigrants and intending emigrants the jobs available in Ireland and study ways in which both voluntary and official agencies can help Irish people return home for work.

The number of immigrants in Ireland is rather small (in 1980 a slight increase of EEC migrants has been registered), and the main stream of emigration takes place with the United Kingdom.

¹ Social Report 1979, point 62.

Italy

68. The economic situation in Italy was marked in 1980 by a complete reversal of the trends in the second quarter. The high level of activity at the beginning of 1980 enabled the growth-rate to reach 3.8% for the year, but the level of activity at the end of 1980 was largely lower than at the end of 1979.

Internal demand for capital goods and consumption remained steady for the first nine months of the year, partly fed by an inflationary process that shows no signs of slowing down. On the other hand, exports were reduced and the trade balance deteriorated strongly. In addition, serious sectoral crises have erupted, in particular in the motor-vehicle and chemical industries, which could have serious medium and long-term repercussions. The contraction in exports and the deterioration in the trade balance may also prove to be signs of a reversal in trends.

The earthquake in southern Italy on 23 November has introduced a negative factor into the economic situation. The destabilizing effects of this catastrophe in both the financial and social areas are as yet difficult to assess.

In 1980 the working population expanded by about 1% mainly accounted for by the steady inflow of young people into the labour market, largely offsetting departures of elderly workers. Despite the rise in the employment level over the year, reflected by a net increase of 200-250 000 in the number of jobs, the parallel rise in unemployment reflects, not only a quantitative imbalance, but also the qualitative mismatch between job applications and vacancies. A large number of young people who enter working life in possession of a certificate show a preference for office work: the Government is the only employer that can partly meet this demand.

A cursory review of new jobs shows that:

- (i) most new jobs are in the tertiary sector (about 80% of the total) with far fewer in industry, while the numbers employed in agriculture steadily decline;
- (ii) a substantial component (40-45%) of the increase in employment is accounted for by self-employed workers, which reflects the recovery of crafts industries following the introduction of new methods of work at home and the decentralization of industrial production;
- (iii) a significant proportion (about two-thirds) of those who found new jobs were women.

With respect to unemployment, although there was almost no change in the first nine months of 1980, the figures rose abruptly thereafter. At year end 1 860 000 persons were unemployed—8.4% of the working population. The 8.5% increase

against December 1979 primarily affected women; while the rise is not spectacular and the unemployment level in Italy is below the average for the nine member countries—shrinking production in certain major industrial sectors (motor-vehicles, chemicals) could in the medium term have much more serious consequences.

The Government employment support policy encountered many obstacles due to the political instability of the country throughout 1980. The Decree-Law of 11 December 1979 introducing new rules in respect of worker mobility and labour market management was not adopted by Parliament as the constitutional time-limits were exceeded. A draft law was then presented instead to the Chamber of Deputies, where it is still under discussion. It provides for wide-ranging decentralization at regional level of many functions at present carried out by the Government and more coordination between bodies responsible for placement and training.

Other measures introduced in the form of Decree-Law No 503 of 30 August 1980 relate to:

- (i) payment from general taxation of a number of social charges, offsetting the lower contributions payable by industrial and craft undertakings involving some LIT 1 800 000 million;
- (ii) allocation of LIT 336 000 million for aid measures in the Mezzogiorno;
- (iii) allocation of LIT 400 000 million from the IRI fund for employment support in the telecommunications sector.

69. There are two facets to the migration situation in Italy:

- (i) one is the inflow of Italian emigrants returning from abroad, which is very evident in the centre/north, but is also substantial in the south without seeming to be particularly traumatic, mainly because the migrants return to some form of self-employed activity (e.g. small agricultural, commercial or craft undertakings);
- (ii) the other is the flow of foreigners entering Italy, mainly to be found in sectors involving heavy manual work (fisheries, agriculture, building) or in certain branches (engineering, processing of non-metallic ores) requiring skilled workers—an interesting confirmation of what was said earlier.

Further administrative measures have been adopted in respect of persons from non-member countries entering domestic service with a view to reducing this inflow and improving social protection for these workers.

Luxembourg

70. The deterioration in the international economic situation affected Luxembourg more acutely in the second half of the year when it coincided with the crisis in the iron and steel industry. Industrial activity was abruptly cut back and the consequent repercussions on the labour market led to the adoption of a number of social policy measures. The gross domestic product increased by only 0.5%.

Growth in registered unemployment at end December 1980 was still modest compared with the previous year, with a net increase of only 234 units. This raised the unemployment rate from 0.8% to 0.9%.

Following a reduction of about 2.6% in the employment level, short-time working became more widespread, particularly among young people.

Although the problems are not yet acute, the outlook for employment in 1981 would seem to be decidedly less promising.

The main new measures adopted concerning employment were:

- (i) Law of 25 February 1980 lowering the retirement age from 62 to 60 years;
- (ii) Ministerial Regulation of 19 February 1980 setting up a committee on women's employment to examine questions concerning women in the working world and their training and advancement.

Under the Law of 5 March 1980, other measures already in effect were extended, in particular:

- (i) Law of 24 December 1977 authorizing the Government to take the necessary steps to promote economic growth and maintain full employment;
- (ii) Law of 17 July 1978 concerning the employment of young people. The instrument provides that 15% of the training allowance paid by employers to young people under introductory on-the-job training contracts will be reimbursed by the unemployment fund. A similar subsidy is provided for employers recruiting apprentices in the craft and catering sectors.
- (iii) Law of 24 January 1979 providing for the introduction of a temporary 're-employment' allowance and special arrangements for voluntary severance payments by employers.

In another connection, the Grand Ducal Regulation of 30 September 1980 renewed the provisions relating to special community work programmes to obviate dismissals caused by cyclical problems and safeguard employment.

71. The total number of foreign workers in Luxembourg was estimated at 50 400 on 1 October 1979, of whom 32 200 were Community nationals.

Although restrictions on immigration have been maintained, the Grand Duchy has had to call on about 3 137 new foreign workers in 1979 (of whom about half are Community nationals) due to a shortage of manpower reserves in such activities as agriculture, construction and the catering trade (where seasonal workers represent 6% of the new arrivals).

A Law of 15 April 1980 amended the Agreement with Portugal on the employment of Portuguese workers in Luxembourg. This amendment was consistent with the guidelines emerging from the national conference on immigration and is designed to promote the integration and advancement of immigrants in Luxembourg society.

The Netherlands

72. The employment situation in The Netherlands was influenced by negative factors which have been a feature of the economy for several years.

At the end of the year, the inflation rate was running at 6.7%, coupled with slow growth in production; in addition, the export potential was weakened by the increase in the cost of energy used in the manufacture of certain products. In the construction industry—a key sector—investment has for some years barely compensated for the gradual decline in capacity; in 1980, the total volume was 1.4% down on the 1979 figure.

In 1980, GDP showed hardly any increase in real value (0.2%) over the previous year. Thus the authorities concentrated mainly on improving the functioning of the labour market.

During 1980, the number of unemployed persons receiving benefits rose as an average by about 40 000, and there was at the same time a slight decrease in the overall number of jobs. The basic trends showed a persistent decline in employment in industry, confirming a phenomenon which had been observed for several years, while on the other hand there was a slight increase in the number of jobs in the service and construction sectors.

In December 1980 the number of unemployed stood at 322 400, i.e. 8.7% of the total number of wage earners; these figures are higher than those forecast for 1980 by the Central Planning Bureau (*Centraal Planbureau*), which had been considered pessimistic.

One of the factors in the increase in unemployment over the previous year (0.8%) is no doubt the number of young people (in particular girls) leaving school, which has brought an additional 240-250 000 job-seekers to the market. An extensive publicity campaign was mounted in this connection by the Ministry for Social Affairs: young people were asked to apply as soon as possible to the employment offices in their area, where they were able to obtain information on vacancies, a list of which having been specially requested from employers.

Courses aiding the transition between school and working life were attended by 1 500 young people in 1979/80; these courses, which had been run on an experimental basis since 1976, became a permanent feature as of 1 August 1980.

The same date also saw the resumption of the training courses designed to give young women access to traditionally 'male' occupations.

In 1980, the employment authorities underwent a reorganization to increase their efficiency and improve their methods: in addition to the traditional tasks of acting as an intermediary between supply and demand, the emphasis is placed on the development of a rapid information service on market opportunities for job-seekers; modernization has been approved for ten offices and the process will be extended to all during the next five years.

The Social and Economic Council was consulted on the desirability of new legislation on employment promotion, which would cover the whole range of labour market policy measures. One of the various possibilities explored was that of laying down certain criteria for the composition of a company's workforce, for example, the recruitment of a quota of young people. In addition, six regions are conducting an experiment involving grants to encourage the gradual transformation of full-time posts into part-time posts.

73. The total number of non-Community workers in the Netherlands holding work permits of less than five years validity was 38 472 at the end of September 1979. The number of Community workers was estimated at 57 000.

The percentage of unemployed foreign workers is higher than that of nationals, but their average period of unemployment is shorter because foreign workers are on average younger and prepared to accept any post offered, above all in those sectors which are least sought after.

New provisions allow foreigners working illegally to have their situation regularized, but the conditions are very strict, thus reducing to a minimum the number of beneficiaries. They must have been working for the same employer since 1 January 1978 and have paid all social security contributions and taxes due; in

addition, applications for regularization must be submitted jointly by the employer and the worker.

United Kingdom

74. In last year's Social Report it was noted that in 1979 there had been a slight improvement in the employment situation but that a deterioration was forecast for 1980. The expected deterioration in fact occurred. From October 1979 the seasonally-adjusted figures for unemployment started to rise, slowly at first, but rapidly accelerating to the position where by the end of 1980 unemployment was increasing by over 100 000 per month. In December 1980 the number of people out of work exceeded 2.2 million, the highest level since the war.

In July 1980 there were 296 000 school-leavers unemployed looking for their first job. Although the number of first job-seekers could be expected to be high at that time of year, this figure was also the highest since the war. Other statistics show that unemployment has hit young people particularly severely. In July 1980 there were 884 000 young people under the age of 25 unemployed, being 46.6% of the registered unemployment. Between July 1979 and July 1980 youth unemployment increased by 37%, compared with the overall increase in unemployment of 30%. Young people continue to suffer much higher rates of unemployment than do adults. In April 1980 the unemployment rate for the under 25s was 10.5%, almost three times higher than the unemployment rate of 3.9% experienced by people in the 45-54 age group. Among young people the under 18s are the most badly hit. Their unemployment rate was 13.1%.

Almost exactly one-third of the unemployed were women. Five years ago (in July 1975), the proportion of women among the unemployed was only 22%. However, in every year since then unemployment among women has increased faster than among men. Notwithstanding this increase, the unemployment rate among women was much lower than that among men—6.4% for women and 8.9% for men. In July 1980, 60% of unemployed women were under 25. This reflected largely the stronger tendency, compared with other women, of young women to participate in the labour market. However, it was claimed that unemployed women in the 25-45 age-group frequently fail to register as unemployed since many do not qualify for unemployment benefit.

The regional distribution of unemployment appeared to be very uneven. The difference between the region with the highest unemployment rate (Northern Ireland: 14.7%) and that with the lowest unemployment rate (south-east England: 5%) remained very large. However, all regions experienced an increase in

unemployment in 1980, and in fact the increase of 30% in the south-east England region was greater than the increase of 18% in the Northern Ireland region.

The greatest increases in unemployment were recorded in the East Midlands, West Midlands and Yorkshire regions, reflecting the particular problems affecting manufacturing industry in these areas.

The general worsening of the employment situation is reflected in two other statistics. The number of employed persons fell in 1980 for the first time since 1976: the employed labour force totalled 24 608 000 in June 1980 compared with 25 015 000 12 months previously.

The number of registered job vacancies also fell sharply. The seasonally-adjusted figure started to fall in July 1979 (some three months before the unemployment figures started to rise). By mid 1980 the number of registered vacancies was only about half that recorded 12 months earlier: 133 000 in July 1980 compared with 260 000 in July 1979. The impression of a very difficult employment situation was reinforced by forecasts of even higher unemployment to come. Official Government agencies are predicting further rises in unemployment in 1981.

The Government continued to apply special measures to combat unemployment. However, in February 1980, the Secretary of State for Employment, Mr James Prior, announced that, with a view to reducing public expenditure, the Government would be focusing these measures more sharply on regions and groups with special employment needs. In line with this new policy the Small Firm Employment Subsidy was discontinued. The age for eligibility for the Job Release Scheme was raised from 62 to 64 for non-disabled men, the age for disabled men remaining at 60, and for women at 59. The Special Temporary Employment Programme, which provide temporary work for the longer-term unemployed, was maintained at its existing level of 12 000 places but it was to be concentrated on the regions of particularly high unemployment, including inter-city areas.

The number of people supported by these measures increased over the year, from 290 000 in June 1979 to 767 000 in November 1980. The increase was concentrated in the Temporary Short Time Working Compensation Scheme, which replaced the Temporary Employment Subsidy last year.

The Youth Opportunities Programme continued to grow in importance, reflecting the Government's determination to fulfil its pledge that all unemployed school-leavers should be offered a place on the programme by Easter 1981. By September 1980 the number of young people on the programme had grown to 130 000 compared to 90 000 12 months previously. On 21 November 1980, the Secretary of State announced a major expansion of the programme for 1981/82 to provide 440 000 opportunities.

Finally, reference should be made to the interest shown by the trade unions in work-sharing measures. Last year¹ the engineering workers' union, after a long strike, won a reduction in the basic working week from 40 to 39 hours, to be implemented in November 1981. Since then other major sectors (retailing, furniture manufacture, plumbing, construction) have followed suit. However, British male manual workers continue to work far more overtime than their Continental counterparts, an average of six hours per week, and there is no evidence that the agreement on the shorter working week has led to any reduction in unemployment.

75. On 1 March 1980, new rules came into force governing the control of immigration into the United Kingdom and the controls to be exercised by the Government after entry. The main changes concern:

- (i) wives who are to be joined in the United Kingdom by a husband, mainly to take account of marriages being contracted solely as a means of overcoming immigration control;
- (ii) visitors and students who are normally not allowed to continue their stay by changing their category;
- (iii) independents are now required to provide evidence of capital available.

Closely linked with immigration control is a Government White Paper on British Nationality Law, proposing three categories of citizenship. These issues will be reviewed when legislation is debated next year.

The number of work permits granted in 1979 decreased by 2 200 in comparison with the previous year (16 942 instead of 19 149); as regards the Community workers, however, there was a slight increase (4 529 instead of 4 330).

¹ Social Report 1979, point 113.

Chapter II

Vocational guidance and vocational training

Trends within the Community

76. In 1980, as in most recent years, youth unemployment was one of the major economic and social problems facing the Community. All Member States continued to give priority to measures to help the entry of young people into working life, especially in the fields of vocational preparation and linked work and training.

77. During 1980 the Commission completed a review of the action taken by Member States to implement the 1977 Recommendation on vocational preparation.¹ The review indicated that, since 1977, Member States had made great progress in providing vocational preparation for young people in need. Many Member States had set up special programmes for this group; others extended their existing structures.

A detailed analysis was made of the provision of vocational preparation in 1978. In that year over one million young people benefited from a wide range of vocational preparation measures, in educational and training institutions, in enterprises and in special public-sector programmes. Enterprises played a particularly important role, through on-the-job training, work-experience programmes and work-training contracts. However, despite the great efforts by all parties concerned, it is clear that the provision in no way meets the need, and that there are very many young people in the European Community in need of vocational preparation who do not receive it. The lack is particularly noticeable in respect of young people employed in jobs which make no provision for vocational training.

78. In the field of linked work and training, the Commission developed its action programme along the lines established in the Council Decision of 18 December 1979.² It promoted the setting up of small-scale experimental and demonstration

¹ OJ L 180, 20.7.1977.

² OJ C 1, 3.1.1980.

projects through the offer of financial aid from the European Social Fund. It arranged for the exchange between Member States of persons with special knowledge and experience. In collaboration with CEDEFOP (the European Centre for the Development of Vocational Training) it organized a seminar on the subject of linked work and training which was attended by experts from all Member States. CEDEFOP is also carrying out a detailed investigation of the material and social status of young people in the transition from school to working life.

79. Other fields in which CEDEFOP provided the Commission with valuable technical assistance were:

- (i) *the mutual recognition of diplomas and certificates for skilled workers*: progress was made in gaining acceptance by the Member States of the pioneer work done in the electrical trades and in extending it to other trades;
- (ii) *vocational training to improve opportunities for migrant workers*: a number of studies in this field were completed;
- (iii) *vocational training and equal opportunities for women*: the research project on innovative training for women was completed.

During 1980 the Commission received reports from the Member States on the application of the 1976 Directive on equal treatment for men and women in (among other matters) vocational training.¹ This information showed that the directive had been successful in stimulating Member States to provide women with better access to vocational training. For example, much had been done to promote the training of women for traditionally male occupations. However, it is also clear that much progress remains to be made in this field. Finally it became clear during the year that the progressive introduction of new information technology (e.g. micro-processors) would have profound implications for vocational training throughout the Community. This has become one of the main priorities for work at Community level.

Development of the situation in the member countries

Belgium

80. Vocational training structures have been disrupted by the current moves towards regionalization and division along linguistic lines. Under the new constitutional framework, the national training centre no longer comes under ONEM (National Employment Office) but under the Ministry of Education, which

¹ OJ L 139, 14.2.1976.

itself has been divided along these lines, with French-speaking and Dutch-speaking sections.

The nautical training sector has been transferred from the Ministry of Communications to the Ministry of Education (Dutch-speaking). In future nautical and fisheries schools will receive both men and women students.

81. In the opening months of 1980, overall training activities expanded by 6.9% (a 12.1% increase in the number of unemployed workers enrolled) compared with the same period in 1979. This trend, however, fell off appreciably in the second quarter and expansion was limited to about 2.2% (+8.6% for enrolments of unemployed workers).

Contrary to the trend in previous years, training on an individual basis within the firm was highly valued. This type of training is the best means of meeting the needs of those occupations which have a highly specific or artisanal character.

Private vocational training activities for young unemployed persons also expanded at regional level.

82. In 1978, Belgium took on the implementation (in 1979 and 1980) of a pilot-project (financed by the European Social Fund) which aims to develop and test a programme of vocational training for unemployed women in occupations that are not traditionally feminine, in two Belgian regions: Hasselt-Tongerren and Charleroi.

In 1979, Belgium, at the request of CEDEFOP, agreed to carry out a study (in 1980 and 1981) on five experimental programmes of vocational training in public and private enterprises which aim to improve the employment position of women, both young and adult. Also in 1980 and 1981, the European Social Fund is financing two pilot studies relating to a retraining programme, which enables a group of women working in a firm to undertake more highly skilled work.

Denmark

83. By Law No 212 of 30 May 1980 the Danish Parliament extended the provisions of Law No 488 of 1977 until the end of 1983. This Law provides for a series of measures¹ to help unemployed young people. The decision to extend the

¹ For a detailed description of these measures, see Social Report 1979, point 79.

Law reflects a general appreciation that these measures have had a beneficial effect but also that youth unemployment remains a very serious problem.

In 1980, under a new measure, the State provided money for municipalities and countries to pay recruitment subsidies in respect of extra apprentices in private firms, in addition to those in their own administrations and institutions.

In 1980 the Danish Government published an official report which showed that 35 700 unemployed young people benefited from these measures in 1979, of whom 7 400 followed EIFU courses (vocational preparation courses for young people) and 7 900 were placed as apprentices (mostly in private firms). Most of the rest were found jobs either in job-creation projects (*Beskaeftigelsesprojekter*) or in private industry, with no organized provision of training. A study of the effectiveness of these measures revealed that of young people interviewed one month after having completed their participation in the programme, 30% had a job, 40% were on a training course, and hardly 25% were unemployed.

84. Experience with the measures to combat youth unemployment has shown that in particular young people in the most difficult position received the least support. With this background an experimental programme was started in August 1980 in the counties of Aarhus and Storstrøm, in which it is proposed to guarantee every unemployed young person either a vocational training, leading to a qualification, or a job. The development of the basic vocational training system (the EFG system) continues. The social partners in the metallurgical industry have agreed to end the traditional form of apprenticeship in this industry and to go over totally to the EFG system. However, in general there are still many problems to be resolved. It is estimated that in 1980 40 000 young people wanted to embark on the first basic year of an EFG training but only 34 400 places were available. Moreover, many young people find it difficult to find a training place in a firm at the end of the first basic year. 30% of the young men, and 43% of the young women who embark on an EFG training do not complete it; half give up when they are unable to find a training place in a firm.

In June 1980 the Danish Parliament passed a resolution on the coordination of vocational training for young people in the 16-19 age-group, which sought to assure that the training offered to all young people should be of equal value and should offer them access to further studies and to employment. The Danish Parliament has still to pass the legislation necessary to put this resolution into effect.

85. Finally, a working party set up jointly by the Ministry of Labour and the Ministry of Education issued a report on educational and vocational guidance. It

reported that there was a need for better coordination in this field and proposed the setting up of a new central organ for educational and vocational guidance with certain executive powers.

Federal Republic of Germany

86. The distinguishing characteristic of the German vocational training system is the importance of apprenticeship as the means of assuring for young people an orderly transition from school to working life and of equipping them with the knowledge and skills necessary for a career. 65% of the young people who leave school at the end of secondary level I embark on an apprenticeship. Apprenticeship training is necessary in order to qualify for a very wide range of occupations covering all branches of the economy. In general young people follow an apprenticeship for a period of from two to three and a half years, combining study of theory in a vocational school with practical training and work experience in an enterprise. The combination of the vocational school and the enterprise is known in the Federal Republic of Germany as the 'Dual System'.

Recently there has been a remarkable growth in the number of apprentices undergoing training. In January 1980 they totalled 1.64 million, the highest total for 20 years. From the low figure of 1.27 million in 1970, the total of apprentices grew steadily throughout the 1970s to reach its present peak. The popularity of the system is shown by the fact that 12% of the young people leaving secondary level II, who are qualified to go on to higher education, prefer to undertake an apprenticeship.

87. It has been one of the major concerns of Government policy, backed by the social partners, to assure an adequate supply of training places for the growing number of young people seeking an apprenticeship. In 1979 the Government's efforts were largely successful in that there was a surplus of supply over demand of about 17 000 training places.¹ In 1980 the supply of training places increased by 3%. The total number of places offered was about 28 000 (4.2%) more than the number demanded. However, imbalances between supply and demand at regional and sectoral level remain. Furthermore, certain critics (e.g. the trade unions) claim that the quantitative improvement has been obtained at the expense of a decline in the quality of training, in particular that too many of the training places are in occupations that offer poor career prospects. Some firms are unable to offer a job as a trained worker to their apprentices on completion of their training. This is

¹ Social Report 1979, point 82.

claimed to be the principal cause of the increase (of 18.2% in September 1980 compared with September 1979) in youth unemployment recorded in the autumn of 1980. However, the youth unemployment rate at the year end was still less than the adult unemployment rate.

88. Three categories of young people present particular difficulties in relation to initial training:

- (i) young people with poor education qualifications,
- (ii) children of migrant workers,
- (iii) handicapped young people.

The Government has taken special measures in favour of all three categories.

For young people with poor education qualifications, the Federal Labour Institute continues to provide special vocational preparation courses (*Förderungslehrgänge* and *Grundausbildungslehrgänge*). There are a number of different courses—some aim to prepare the young person for an apprenticeship, others seek to provide him with the initial training necessary for a job.

In 1980 the German Government, in liaison with the social partners, made a common appeal to the children of migrant workers to make fuller use of their opportunities for vocational training. A statistical survey has shown that about one-fifth of young people in this category entered an apprenticeship and about half failed to fulfil their legal obligation to attend vocational school on a part-time basis. The German Government (at *Bund* and *Land* level) has, with the help of the European Social Fund, set up a special programme to help these young people (*Massnahmen für Berufsvorbereitung und soziale Eingliederung junger Ausländer*). The programme is specially designed for young people who, because of their poor level of education and language ability, are unable to find a suitable job or training place. The young people are offered a one-year full-time course of training to qualify them for a training place or job. In September 1980 approximately 15 000 young people were participating in these courses.

Handicapped young people who because of the nature and severity of their handicap are unable to follow a normal apprenticeship may follow a course of training in a special rehabilitation centre (*Berufsbildungswerk*). There are currently 27 such centres offering 7 500 places. It is planned to open a further 10, offering an additional 2 500 places by 1982/83. In addition there are 21 retraining centres (*Berufsforderungswerken*) for adults which are specially designed for the severely handicapped. Special regulations also exist to enable handicapped young people to undertake a training leading to a semi-skilled job with the possibility of proceeding

to a recognized qualification. Such training courses already exist for metal workers and are planned for office workers. There are agreements between the social partners in this field (e.g. between I.G. Metall and Gesamtmetall) whereby a handicapped person after one year's special training may start on a normal two to three years apprenticeship.

89. Finally a brief reference should be made to three other important aspects of the Federal German system:

Training of adults: Considerable efforts are expended on this activity. In 1979 180 000 adults undertook vocational training (150 000 in further training and 30 000 in retraining).

Vocational guidance: The provision of vocational guidance is the responsibility of the Federal Labour Institute, which in 1978/79 provided guidance for 526 000 school-leavers and more than 26 000 university graduates.

Training of trainers: In 1980 the Trainer Training Centre (*Ausbilderförderungs-zentrum*) at Essen was opened. It is run by the social partners and financed by the Government.

France

90. The main event in 1980 was the introduction of paid training leave (Law of 17 July 1978—Implementing Decrees issued in March.¹ A sample survey carried out at the request of the State Secretary for vocational training showed that lack of information was the main factor curbing demand from individuals under this provision. Employers' contributions were stable in real terms at 1.8% of the wage bill (the compulsory contribution was unchanged at 1.1%). 'Pact III' (1979/80/81) benefited 439 000 young people in 1979 and is expected to benefit 534 000 in 1980/81.

91. In 1980, the most significant event in the vocational training field was the adoption of Law No 80-526 of 12 July on training/work-experience schemes to be organized in conjunction with industry.

One of the main features of this Law, which transcends the short-term measures under the third 'Pact', is the provision establishing a new, more general type of training/work-experience contract on a permanent basis. The arrangements for

¹ Social Report 1979, point 84.

this type of training scheme, which combines general and technical instruction in public or private training centres with the acquisition of practical experience and know-how on the job, are specified in agreements between the training centre and the host undertaking.

The Law establishes specific procedures for the organization of these courses for the two categories of beneficiaries: young people enrolled in vocational training courses and young wage-earners. The aim of the training is to provide young people with vocational qualifications or preparation for employment and job familiarization. As regards the financial aspect, the apprenticeship tax is to be raised to 0.6% of the wage bill; a proportion will be allocated to finance training/work-experience schemes. The Law will not fully apply until after the end of the Third Employment Pact on 1 January 1982. But already some experience is being acquired, a decree of 21 November 1980, published in the *Official Journal* on 22 November 1980, giving more details in areas in which the Law was silent (in particular in fixing the remuneration of persons with a contract of alternating training). Several trade unions of workers or teachers have taken a position against this Law.

92. In the field of apprenticeships, the provisions of the laws passed in 1979 (on 10 July and 28 December) came into effect, concerning in particular:

- (i) financial incentives to craftsmen employing at the most 10 workers, in the form of financial aid covering social security contributions and the part of the wages relating to the time spent in a training centre;
- (ii) financial incentives in the form of a significant improvement in family allowances for the parents of apprentices.

93. Renewed emphasis has been given to vocational guidance under the new statute of the national employment agency (ANPE) (Decree of 25 January 1980). The report submitted to the Minister of Labour at the end of 1979 concerning vocational guidance and retraining for adults also stressed the importance of reinforcing the links between these two activities.

Ireland

94. AnCo, the National Training Authority, trained over 15 000 persons, of which about 2 200 were involved in the community youth training programme, 2 000 in apprenticeships and 1 000 in introduction to industry courses.

The second National Understanding for Economic and Social Development emphasized intensification of high-technology training and in increasing the intake of apprentices in the future. AnCo has developed its involvement in high technology training particularly in the fast growing electronics sector of the engineering industry. Over IRL 6.5 million in grants was approved by AnCo on behalf of the Industrial Development Authority for training no less than 4 200 people in this sector in 1980.

In the context of vocational training the assistance of the European Social Fund has been of vital benefit to Ireland. The Fund, of course, also provides support for a wide range of social activities including training for young people, handicapped and women workers, the importance of the Fund's contribution can be seen from the fact that some IRL 53.5 million, was approved for Ireland for 1980 operations.

95. The work-experience programme, which is administered by the National Manpower Service, commenced in September 1978. The programme is designed to assist unemployed young people, particularly those in the 18 to 20 age-group who find it difficult to obtain suitable permanent employment by giving them an opportunity to learn about the work environment and to get practical experience of a range of jobs. The programme also provides for an educational element. While on a programme participants may have the opportunity, either through day or block release, of attending courses in a vocational school or other educational establishment, should this be necessary and feasible—such courses to cover personal and social development studies including guidance and counselling. A total of 11 324 have participated in the programme since its inception up to the end of 1980. The indications are that the job placement rate resulting from the work-experience programme is very high, with over 80% of participants succeeding in getting permanent jobs, and around 55% being offered employment with the firms sponsoring their work experience. For 1981 it is planned to intensify the work-experience programme.

Italy

96. The most significant event in legislative activity in this area was the adoption of an outline law introducing certain basic principles to be incorporated in the statutes of the regional governments. A review of these measures and of current research activities suggests that regional efforts will concentrate on:

- (i) programming of activities (an effort will be made to tailor training to labour market requirements with the help of a network of regional labour market observers);

- (ii) modular course structures;
- (iii) training/work-experience schemes, which will be to the forefront (18 pilot projects have been launched in 11 regions);
- (iv) links with the working world (as an experiment, a formula for agreements with undertakings has been worked out to promote training for adults and training/work-experience schemes for young people);
- (v) launching and operation of training centres or schemes, despite the absence of a legislative basis for this action.

97. There has been a 10% increase in enrolments in vocational training centres compared with 1977/78. Indirect evidence of the growing demand for vocational training can be seen in the fact that emoluments in vocational training institutes have risen by 20%, in the period 1976/79 against an 11% increase in the overall upper secondary school population. In absolute terms, the growth-rate was highest in the Mezzogiorno and has tended to rise regularly despite poor job opportunities for qualified young people. On the debit side it should be borne in mind that vocational-training programmes in the least-favoured regions of the country are no more than an intermediate solution to the problem of youth unemployment.

Overall expenditure on vocational training by the public sector rose by 105% as against 1975, but unfortunately this increase was mainly attributable to higher costs rather than a growth in activities.

Certain activities started in 1979/80, which can be expected to develop further in the years to come:

- (i) experiments in finding productive work for blind people who have been trained as programmers;
- (ii) research and studies in the field of adult vocational training (methodology of statistical analysis, training of farmers).

98. It would seem that vocational guidance has at last moved on from its theoretical phase. In this field:

- (i) practical experiments are under way (the 'guidance project' sponsored by ISFOL and the Ministry of Education, and the EEC pilot projects on guidance for the transition from school to work through which it is hoped to pinpoint basic aspects so that an effective programme can be developed);
- (ii) legislation is taking shape (the CNEL—National Economic and Labour Council—has published an outline law setting up a public body that would

operate on the basis of directives issued by an interministerial committee for educational and vocational guidance).

With the support of theoretical and methodological research, legislative measures, subsidies and experience gained in other countries, it is hoped to work out an institutional framework for the various activities that would develop as a result of the implementation of the 'guidance project'.

The project provides for:

- (i) a training course for secondary school teachers to provide the requisite techniques, arouse awareness and develop the abilities and sensitivity needed to achieve the desired educational goals;
- (ii) development of information modules on occupations in industry and commerce.

99. The concept of the training/work-experience scheme is hotly debated by sociologists, trade unionists and teachers with respect to the different ways of giving it form:

- (i) the existing school system (where education is concentrated in the early years) could be replaced by a continuing education process;
- (ii) on-the-job periods, particularly in manual occupations, could be inserted into the school timetable;
- (iii) such schemes could constitute the transitional phase between school and working life, serving as a link between training channels and job outlets.

Luxembourg

100. The Government has adopted legislative measures of great significance in the field of vocational training with a view to improving facilities to meet the future needs of the economy:

Young people of 12-13 years

- (i) Grand Ducal Regulation of 13 June 1980 relating to the organization of the examination for admission to the first years at secondary technical school;

- (ii) Ministerial Order of 1 August governing the organization and operation of the experimental seventh and eighth years of secondary technical school for the 1980/81 academic year.

The first stage of the reform of secondary technical education was carried out in accordance with the provisions of the Law of 21 May 1979 relating to: the organization of the vocational training and secondary technical education systems and continuing vocational training;

Persons aged 20 or over

- (iii) Grand Ducal Regulation of 23 September 1980 establishing the composition, field of competence and rules of procedure of the Coordinating Committee for Continuing Vocational Training and fixing the allowances to be paid to its members;
- (iv) Ministerial Regulation of 3 October 1980 relating to the organization of specialized training in welding techniques and the institution of a national committee on welding. Hitherto, specific training in this field meeting international standards could only be acquired abroad;

Young people of 15 years

- (v) Ministerial Order of 31 October 1980 relating to the organization in 1980/81 of courses for masons to be given in 'block' form.

Appropriations totalling LFR 980 772 000 have been entered in the draft 1981 budget for measures concerning secondary technical education.

101. Vocational guidance, intended to provide information, guidance and placement in apprenticeships, is governed by the Law of 21 February 1976 on the organization and operation of the *Administration de l'Emploi* (Employment Department) and the Grand Ducal Order of 8 October 1945 on apprenticeship. Vocational guidance and information for pupils is provided in collaboration with the School Guidance Service of the Ministry of Education and with schools of various types, chambers of commerce, and trade associations and institutions concerned with the education and training of young people and adults.

The Netherlands

102. As one facet of the Government's efforts to combat unemployment, the labour-market situation is now being accorded greater importance in the planning

of new vocational training courses. Attempts are being made to achieve closer collaboration with the central employers' and workers' organizations and with the Ministries of Social and Economic Affairs in the campaign to improve the link between education and work.¹

In this context, the employers' organizations advocate the strengthening and modernization of the existing apprenticeship system, which they regard as eminently suited to the task of combining training with work experience and preparing young workers for their future occupations.

A statement of Government policy on the planning of vocational education for adults is expected to be published soon.

As regards the efficacy of employment promotion measures, it has become clear that too small a proportion of the long-term unemployed (i.e., those who have been without work for a continuous period of at least three months) take up offers of training and that even more vigorous action is therefore needed to encourage job-seekers to undertake appropriate training.

103. In a report on the implications of recent technological developments the Rathenau Committee made a large number of recommendations concerning the role of education in the age of micro-electronics. These related in particular to:

- (i) consultation between educationists and all other interested groups on problems arising in connection with continuing education;
- (ii) special emphasis on the provision of refresher, retraining and upgrading courses designed to help workers to keep up with change;
- (iii) the importance of developing all subject areas connected with micro-electronics;
- (iv) initial and in-service training for all teachers concerned;
- (v) the need to investigate the possible impact of the new technologies on all levels of the general education system;
- (vi) the subsidization of training within industry;
- (vii) the desirability of improving coordination between different forms of education and devising 'information science' curricula.

¹ Social Report 1979, point 95.

104. The findings of a recently published study suggest that special measures are needed to help handicapped adults to acquire the basic knowledge essential if they are to undertake vocational training.

United Kingdom

105. In Great Britain, vocational training, outside the educational system, is coordinated by the MSC (Manpower Services Commission), representing employers, workers, Government and educational interests. For 1980/81 its budget for training and special programmes is approximately UKL 550 million. The MSC is responsible for the following programmes:

Training for skills: This programme promotes training by employers to meet their manpower needs. Priorities in 1980 included assisting industry to secure a better supply of skilled technicians in the following fields: micro-electronics and computer software; instrument maintenance; engineering design and development.

TOPS (Training Opportunities Programme): This programme caters for the training needs of individuals who are unemployed or who wish to change their jobs or to return after labour market absence. Training is provided in MSC 'Skill-centres', public or private colleges, and employers' establishments. An investigation of persons who completed their TOPS training in financial year 1979/80 shows that, three months later, 71% were in employment, with 61% using what they had learned.

Training of women: In 1979/80, some 43% of TOPS trainees were women. In addition there is a small programme to provide opportunities for women in industry, which was expanded somewhat in 1980.

Language training for workers from overseas: Provision has also been made for a modest expansion of this programme, which aims to improve the language and communications skills in English of workers from overseas in ways relevant to their work and workplace.

YOP (Youth Opportunities Programme): This is the largest programme run by the MSC. It provides training and work experience for unemployed young people under the age of 19. During 1979/80 there was 216 000 entrants to the programme. For 1980/81 the programme is likely to provide around 300 000 opportunities.

An increasing proportion of these young people are also receiving off-the-job training.

Unified Vocational Preparation (UVP): At present run jointly as a pilot programme by the MSC and Education Departments, UVP is concerned with giving employed young people a better start in working life by facilitating the transition from school into work of those who have previously received little or nothing in the way of further education or structured training. More than 250 schemes are presently running and some 3 500 young people will benefit from them during 1980/81. The Government has recently announced an expansion of the programme with a throughput of 20 000 young people (some 10% of the target group) by 1983/84.

Direct Training Services: MSC's Direct Training Services, available to firms on a fee-charging basis include semi-skilled and craft level training in skill-centres or on employers' premises, instructor and supervisor training, and courses in overseas trade procedures. During 1979/80 some 41 000 people were trained.

Employment Rehabilitation Centres: Courses at ERCs help people who have been ill or injured or have an employment handicap by providing assessment, work habituation and by boosting confidence. During 1979/80 about 16 000 underwent courses at ERCs.

106. In July 1980 the MSC published a report on the development of vocational training in Britain in the 1980s. The report notes that shortages of certain key skills persist and recommends that priority should be given ensuring sufficient and effective training in the new skills required by enterprises changing to more productive new technology. It also proposes the development of vocational preparation for all new entrants to employment. Finally the report deals with the delicate subject of the relationship between the MSC and the Industrial Training Boards which, under the general supervision of the MSC, are responsible for training in industries covering half the active population.

107. The MSC has limited competence in the field of vocational guidance. Its Occupational Guidance Service, which served adult job-seekers, was disbanded on 30 June 1980. Only a limited service of vocational guidance is now provided for the unemployed through 'self-help' libraries and advice from placement officers. However, there is a comprehensive service of vocational guidance for school-leavers provided by the 3 000 specialist careers officers who are employed by the education authorities.

Chapter III

Industrial relations

Trends within the Community

108. The European employers' and workers' organizations were consulted a number of times at Community level on 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 and the Commission's activities in connection with the reorganization of working time and work-sharing.

The meetings between the Commission and the European workers' and employers' organizations on the subject of the reorganization of working time were particularly important.

At its meeting of 9 June¹ the Council approved a procedure proposed by the Commission² and endorsed by the two sides of industry designed to improve the preparation, organization, conclusions and follow-up of the Tripartite Conferences.

With regard to the problem of reducing annual hours of work, the Commission put forward outline proposals without seeking to encroach on the autonomy of those concerned and urged the two sides of industry at European level to get together to discuss their views in order to work out a joint approach.

It soon became clear that the gap separating the two sides was so wide that there was little point in continuing the discussions. However, on the eve of the European Council of 12 and 13 June in Venice, the Commission and the President-in-Office of the Council succeeded in persuading the two sides of industry to resume their dialogue and restore contacts. In a letter to the ETUC the employers' organization

¹ Bull. EC 6-1980, point 2.1.57.

² Social Report 1979, point 101.

(UNICE) indicated that they wished to reopen a constructive and continuing dialogue with the workers' organizations. In a favourable reply to this letter the ETUC welcomed UNICE's availability for further discussions.

109. The difficult economic situation highlighted the importance of setting up machinery for consultation between employers and workers at sectoral level that would enable the two sides to maintain an overall view of both general problems and problems specific to each sector.

Numerous consultations with the two sides of industry at sectoral level laid the foundations for future discussions in several industries. At a meeting of the Joint Committee on Social Problems affecting Agricultural Workers in Brussels on 19 June the employers' organizations (COPA) and workers' organizations (EFA) signed an agreement limiting the working week of permanently employed farm workers in the Community's livestock sector to 40 hours.¹

110. 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.

On several occasions, particularly at the meetings of the European Council on 27 and 28 April in Luxembourg and on 12 and 13 June in Venice, the European Trade Union Confederation (ETUC) called for the implementation of a joint action programme designed to ensure economic recovery in the Community by means of both general and selective measures coordinated at international level.

For its part, UNICE wished to maintain contacts with the trade unions and Community bodies and proposed that discussions should focus on the possibility of conducting an active social policy against the background of a difficult economic situation, with a view to restoring normal levels of employment.

The ETUC welcomed UNICE's stance and urged it to submit clear and specific proposals to alleviate unemployment, relating to the nature, content and direction of measures to revive the economy, the volume and type of investments to be made, the sectors and activities to be developed, the sectors giving opportunities for job-creation and the machinery to be set up to control inflation in a period of renewed economic expansion.

¹ Bull. EC 6-1980, point 2.1.58.

111. During an initial exchange of views in the Standing Committee on Employment,¹ the two sides of industry gave their immediate reactions and expressed their thoughts on the probable repercussions of the introduction of micro-electronic technology on the terms of employment and working conditions of workers in the industries affected.

The Employers' Liaison Committee (ELC) stressed that the introduction of micro-electronic technology would have such far-reaching effects on productivity that only those sectors and firms that succeeded in adapting in time would remain competitive at international level. The Committee also felt that changes were necessary to take account of long-term employment prospects even if there were likely to be certain adverse repercussions in the short term.

The European Trade Union Confederation (ETUC), recognizing that the new technology would present some benefits, underlined the adverse effects that it would have: loss of jobs, obsolescence of many skills and a deterioration in the working conditions of a large number of workers. The ETUC member organizations also expressed a desire to be consulted at all levels before the introduction of new technologies so that they could open negotiations on appropriate ways of coping with these effects.

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

In the light of the need to set up machinery to facilitate the creation of a trade union counter-force² in the multinationals, on 1 October 1980, at the initiative of Mr Vredeling, the Commission approved a proposal for a Directive on procedures for informing and consulting the employees of undertakings, in particular transnational undertakings, with a complex structure. The powers of bodies representing wage and salary earners do not normally extend beyond national frontiers and even within these frontiers the procedures for ensuring that employees are properly informed and consulted are frequently inconsistent with the structure of the entity whose decisions affect the employees' interests.³

The reactions of the two sides of industry tended to diverge.

¹ Points 6 to 8; see doc. COM (80) 16 final.

² Commission Communication to the Council of 8 November 1973 on Multinational Undertakings and the Community (Supplement 15/73 — Bull. EC).

³ Point 38.

The European Trade Union Confederation (ETUC) stressed that the Community was endowed with real powers to create international law and lay down binding rules. It warmly welcomed the Commission's proposal even though it was still far from meeting the unions' demands.

For its part, UNICE expressed its concern about this draft Directive. Although it was in no way opposed to the disclosure of information and the consultation of workers affected by strategic decisions taken by multinationals, it felt that the machinery proposed by the Commission raised a great many problems.

Development of the situation in the member countries

113. In Belgium, relations at multi-sectoral level between the Government and the two sides of industry were marked by wide-ranging consultations on problems relating to taxation, placing public finance on a sounder footing, the financing and reform of the social security system, wage restraint, employment and reductions in working time.

These consultations were particularly intense in June and July when the budget proposals for 1979/80, which were designed to limit the public finance and social security deficits, were examined (third Martens Government) and in November and December when the economic and social recovery plan drawn up by the fourth Martens Government was discussed.

During the first round of consultations (Martens III), partial agreements were reached on taxation and public finance (e.g. husbands and wives may now be taxed separately). In the second round of consultations (Martens IV), the Government submitted an economic and social recovery plan to the two sides of industry in the context of a National Labour Conference.

The Government's proposals related in particular to moderation over a period of two years for incomes not covered by the indexation system, adjustment of the minimum guaranteed wage, gradual removal of the ceilings on social security contributions and a reform of the conditions for granting unemployment benefits.

As the employers and unions would not conclude a multi-sectoral agreement on the basis of its proposals, the Government decided to present a package of draft laws to Parliament relating, among other things, to moderation for both wage and non-wage incomes.

A provisional Law (mini-law) of 23 December 1980, which entered into force on 1 January 1981 to run until 15 February 1981, anticipated these decisions by freezing wage and non-wage incomes above BFR 35 000 a month. If new

negotiations did not lead to a multi-sectoral agreement during these six weeks, a new law would come into force.

As for three-way consultations between the two sides of industry and the Government at multi-sectoral level, difficulties emerged on the subject of the implementation of the restructuring plan for the iron and steel industry agreed upon in 1978 between the two sides of industry and the public authorities. However, the trade unions were able to persuade the authorities to prevail upon the parties concerned to meet their commitments in full.

At industry level, collective agreements were concluded in a number of sectors (textiles, chemicals, oil, large stores, food trade, metal construction, insurance, banking, etc.) for between one and two years, the tendency being to extend their duration. Most of these agreements provide for wage increases and a reduction in the working week to less than 40 hours.

At present, about 40% of all workers, including public sector workers, already work a 38-hour week.

Major agreements reached at undertaking level provided guarantees that employment levels would be maintained.

114. In Denmark the industrial relations climate was largely marked by the number of collective agreements being negotiated. The Main Agreement was last negotiated in 1973 and discussions about a new one were initiated by the trade union confederation (LO), demanding as one of the major changes the reinstatement of workers dismissed without a valid reason, instead of merely compensation as at present provided for. The LO also wants the trade unions to have the right to greater participation in decision-making in firms to replace existing references in the Main Agreement to the employer's right to direct and distribute work. For their part the employers (DA) called for greater social peace and more acceptance of responsibility on the part of the trade unions for illegal work stoppages. At the end of the year the likelihood of a successful conclusion to the negotiations seemed remote.

As regards the collective agreements expiring in spring 1981 the LO and DA agreed in August that negotiations this time should be more decentralized, involving an exchange of information and a greater degree of discussion between each sub-organization early in the negotiations. The whole process was due for completion in January 1981. If no satisfactory result is achieved, the conflicting issues will be submitted to a conciliation committee. This year's negotiations differ from those in previous years in that greater emphasis is placed on sectoral negotiations with an exchange of final demands only later on in the process rather than putting general

demands first as in the past. The Government has expressed its unwillingness to get involved in the negotiating process this year, or to have recourse to tripartite discussions.

The Confederation of Female Workers has insisted that all agreements on part-time work should be excluded from the collective agreements, arguing that part-time workers are practically all women and that there is a danger of women being admitted only to part-time work, making it impossible for a female head of household to make ends meet with one job.

Another form of agreement was negotiated between the Federation of office workers (HK) and the public authorities in a suburb of Copenhagen concerning technology and job security, aimed at enabling workers to have a greater influence over the introduction of new technologies in the municipality. It provides for the establishment of a joint committee comprising representatives of both sides to oversee the introduction of new technologies and also obliges the municipality to redeploy workers whose jobs may be lost through this into jobs requiring equivalent level of skill after appropriate retraining. The agreement is important in that the HK intends to negotiate similar agreements in other areas.

In the near future a technology and job-security agreement will probably be negotiated for the whole of the public sector, and in the private sector negotiations in this direction are under way between the LO and the DA.

Industrial disputes during the year involved 1 207 in the DA section of the labour market (compared with 1 580 in 1979) and were mainly concerned with wages conflicts. Almost half the conflicts took place in the metal industry, while other sectors particularly affected were the printing industry, transport and the building industry.

115. In the Federal Republic of Germany, new collective agreements on wages were concluded for some 16.9 million employees in 1980. In most cases the wage increases were between 6.3% and 7.2%. The average increase per employee without fringe benefits was 6.7%. Most collective agreements concentrated on wage increases. However, working conditions and fringe benefits were also improved in some industries. It should also be remembered that under agreements from the previous year working conditions were improved in 1980 for many employees.

A reduction in the working week was excluded under contractual provisions until 1983. Instead, however, the process of extending paid annual leave was accelerated.

In the first six months of 1980, negotiations between the two sides of industry were smooth. Only in a few cases was it necessary to call the conciliation procedure into

play. Industrial disputes were practically non-existent. However, it again proved impossible to revive the 'concerted action' talks involving, among others, the Federal Government, trade unions and the employers' organizations.

The securing of co-determination in the coal, iron and steel industries was the subject of a top level discussion at the end of August between the Federal Union of Employers' Associations and the DGB. However, no agreement could be reached on this controversial question, although both sides agreed that serious economic and social problems made further cooperation necessary and that talks, which might also cover co-determination, should be resumed in the near future.

In March, the DGB published its Social Policy Programme setting out new objectives on which the unions will concentrate in collective negotiations during the 1980s. The main points concern the structure and organization of the social security system, and health and family policy. In addition, the Programme calls for a new approach to employment policy and reform of the law on protection against dismissal.

In May, the Federal Union of Employers' Associations presented an opinion on current problems concerning policy towards women and the family as a contribution to discussions on the steady decline in the population of the Federal Republic and the associated changes in the employment pattern.

Discussions concerning the legality of lock-outs as a means of industrial action by employers continued in the first half of the period under review.¹

The dispute between the employers's associations and the unions was not, however, settled by the judgement announced on 16 June.²

116. In France, the main developments in the field of industrial relations concerned the difficulties encountered by certain trade unions on the one hand and the new policy on the part of employer's organizations on the other.

In spite of the positive results of the elections to the conciliation boards in December 1979,³ increasing unemployment, the slowdown in the growth of workers' purchasing power and the restructuring of undertakings and industries have led to a fall in membership of some trade unions. This development has been further aggravated by strained relations and sharp differences between certain trade unions, with each attempting to take an independent line, although they did not rule out some joint action, particularly at the level of individual undertakings.

¹ Social Report 1979, point 107.

² Point 148.

³ Social Report 1979, point 108.

For their part, the employers' organizations took the initiative in proposing improvements in social policy through consultations with trade unions and negotiations at national level. At other levels, negotiations between the two sides of industry led to the conclusion of a number of agreements, including a multi-sectoral agreement of 17 March 1980 which extended the scope of contractual provisions on short-time working in the event of the conversion, reorganization or modernization of undertakings. In addition, the employers' organizations brought legal proceedings against certain obstacles to the right to work (e.g. strike pickets) and against trade unions for illegal strike action.

Although negotiations begun in 1979 were broken off, the question of a reduction in working time continued to loom large in relations between trade unions and employers, the view of the Government being that this a matter solely for the two sides of industry. On the basis of the Giraudet Report,¹ discussions were resumed and led to new proposals from the employers, which the unions, nevertheless, rejected because they were unwilling to renegotiate a certain number of provisions at present embodied in labour legislation.

However, some individual agreements on reductions in working time were concluded: according to case, they related to a reduction in the standard working week for workers in the steel industry or in the special work schedules for personnel on standby duty in the metal-working industry, or they granted workers a fifth week of paid holiday.

In relation to collective bargaining negotiations in the public sector, the main policy lines were continued. Although frequently interrupted by strikes and demonstrations, the negotiations relating to the civil service finally reached a successful conclusion.

In the private sector, steady progress was made in collective negotiations with the result that agreement was reached on a slight increase in the purchasing power of the lowest paid workers and a guarantee that the purchasing power of other categories would be maintained.

As regards disputes, national one-day strikes were held, in particular against the social security reforms,² and there were local disputes involving cleaners on the Paris underground, the SNCF, the EDF and private sector undertakings. However, three disputes were to the fore during the summer, involving fishermen (brought about by their refusal to accept reductions in crew numbers), track layers (due to

¹ Point 140.

² Point 215.

action by immigrant workers to obtain wage increases), and Manufrance personnel (caused by the complex vicissitudes surrounding the crisis in this company).

117. In Ireland negotiations took place during the year between Government, employers and trade unions on the conclusion of a Second National Understanding for Economic and Social Development. The Understanding is in two parts. The first concerns economic and social issues, particularly measures to be implemented by the Government in the employment area and designed to ensure an increase of 15 000 jobs between 1980 and 1981.¹ Labour and industrial relations were also covered, including industrial relations legislation, worker participation and disclosure of information. The second part of the Understanding is an agreement on pay policy² between the ICTU and employers' organizations in which greater harmonization of trade union policy on pay negotiations is sought as well as greater industrial peace via a non-strike clause. In future the collective bargaining process should be facilitated by the drawing up by the Government of a voluntary code of conduct on the disclosure of company information with the aim of improving trade union and worker knowledge of company affairs.

The number of days lost through industrial disputes during 1980 came to 404 000 (1.4 million in 1979), the number of disputes coming to 132 (133 in 1979). The public sector was largely affected by disputes (mainly over pay) accounting for approximately one-third of the days lost, particularly in Dublin bus services, the national airline and nursing services, while cement manufacture was interrupted (over the employment of temporary workers) as was work at the country's largest industrial construction site on the Shannon (over bonuses). Petrol and oil supplies were adversely affected by a major dispute by tanker drivers over manning, shiftwork and payments. Other disputes affected an insurance company and sugar production.

118. In Italy, industrial relations evolved against an economic background marked by steady growth in industrial production, a high level of inflation, a public sector deficit, a fall in exports and serious ongoing (shipbuilding, iron and steel, chemical industries) or nascent (motor-vehicles, electronics) sectoral difficulties.

The Government gave priority to relations with the trade unions; as a result, agreement was reached on family allowances (which were doubled), tax adjustments involving changes in the rates to take account of the effects of inflation

¹ Point 66.

² Point 166.

on the incomes of wage-earners, and the renewal of collective agreements in the public sector.

Relations between the Government and the trade unions, however, became slightly strained on account of the proposed measures to curb labour costs, in particular through changes to the index-linking system¹ to which the trade unions are opposed although they are widely advocated.

With reference to structural economic problems, the Government has begun discussions, not yet concluded, with the two sides of industry on a medium-term economic policy document aimed at reviving the planning policy. The principal objective is to control inflation and bring it down to a level comparable with rates in the other OECD countries by 1983.

In the period in question certain serious sectoral crises developed with their inevitable negative impact on employment. The crisis in the motor-vehicle industry affected the largest national production sector; it gave rise to a prolonged, severe conflict between the two sides of industry, protracted work stoppages and massive calls on the wage integration fund. Mass dismissals were, however, avoided. These events highlighted the need for an adequate and effective labour mobility policy.

Discussions between workers' and employers' organizations at confederal level soon reached a deadlock on the question of the index-linking system. However, the main aim was to re-examine work-organization problems in the light of current scarce energy resources.

In this general context, sectoral collective bargaining activities had few salient features. They concerned both the public sector (hospital and railway workers, managerial staff of public undertakings) and the private sector (tobacco, motorways, food processing industry, rubber and plastics, entertainment, transport, insurance). The results of the 1980 bargaining round, in particular as regards working time, wages and the right to information, followed the pattern established in 1979.²

Lastly, supplementary collective bargaining activities at undertaking level were particularly intense in all economic sectors, especially in the metalworking and chemical industries. In this area, on account of the cumulative effects of inflation, negotiations between the two sides of industry centred on wages rather than other conditions of employment, and an attempt was made to find a solution to the problem of wage differentials.

¹ Point 167.

² Social Report 1979, point 110.

119. In Luxembourg, consultations between the Government and the two sides of industry continued to play an essential role. There were no strikes and on the whole the social climate was good.

The Economic Committee¹ continued to meet each month to examine the situation of undertakings forced to reduce working hours and, where appropriate, to propose compensation for firms with staff on short time.

The Economic and Social Council continued its work of consultation and concertation in areas of particular concern to certain occupational groups or the economy as a whole.

Lastly, the tripartite coordinating committee set up under the Law of 24 December 1977 on growth and full employment² continued its advisory task which, among other things, involved an examination of the overall economic and social situation and an analysis of current employment problems. The Law of 5 March 1980 introduced certain amendments to consultation procedures. Under this Law the coordinating committee was given advisory status only and in future measures will be implemented through legislative or administrative procedures; the right to veto crisis measures accorded to the two sides of industry was abolished.

In response to the worsening situation in the iron and steel industry, the Iron and Steel Tripartite Conference met regularly throughout the second half-year to discuss the social effects of the crisis (early retirement, short-time working, special community tasks), its consequences for company investment programmes in the sector and public aid measures for the industry.

With respect to collective bargaining in the private sector, some 40 collective agreements were concluded or renewed for wage earners and about 15 for salaried staff.³

120. In The Netherlands, the talks on wages and conditions of employment for 1980 were broken off at the beginning of January.

The significant deterioration in the economic situation which had become apparent by the end of 1979 led the Government to impose a two-month freeze on wages and conditions with effect from 10 January so as to provide a breathing space for the reassessment of social and economic policy priorities.

¹ Social Report 1975, point 104.

² Social Report 1977, point 113.

³ Point 168.

Both employers and workers reacted unfavourably to this action. In the face of continued disagreement, the Government saw no alternative but to place proposals for the statutory control of wages and conditions before Parliament. This initiative led the FNV to organize demonstrations and strikes in the hope of influencing the attitude of the Second Chamber. In spite of this opposition, Parliament approved an amendment to the Wages Law giving the Minister for Social Affairs wider powers in this area until 31 December 1981 and an implementing decree was promulgated with a view to holding wages and conditions at the pre-freeze level until the end of 1980.¹

The unions' response was to endeavour to circumvent the provisions of the decree within the bounds of legality by negotiating agreements to run for longer than a year, thereby ensuring that demands which they had hoped to see fulfilled in 1980 would at least be met in 1981. Special emphasis was laid on the importance of reinstating automatic wage indexation in 1981 and achieving increases above the norm for those employed on dirty or unpleasant work — a goal also accorded some recognition in the decree instituting pay controls. Reductions in working time formed a further major facet of the trade union movement's demands.

The employers were generally prepared to accept many of these demands and a number of two-year agreements providing for the reinstatement of automatic indexation in 1981 were concluded. Steps were also taken to meet the demand for higher wages for dirty, heavy or unpleasant work. The campaign for reductions in working time was, however, less successful, though some agreements concluded at the level of individual firms do concede increases in annual holidays and provision has been made in certain cases for the introduction in later years of a five-shift system.

Largely thanks to the deterioration in the economic situation and the consequent announcement by the Government of severe austerity measures, the year under review saw a marked intensification of disagreement between employers, unions (especially the FNV), and Government, the main point of contention being the question of who should bear the brunt of such measures.

121. In the United Kingdom the deteriorating economic climate has largely governed relations between, the Trades Union Congress, Confederation of British Industry and the Government. Disagreement with the Government's intention to maintain its monetarist-based policies to bring down inflation and opposition to the Employment Act (dealing with industrial relations)² caused the TUC to call a

¹ Point 170.

² Point 154.

Day of Action on 14 May, the intention of which was to draw public attention to the effects of the policies and to the TUC's alternatives. The TUC's influence on policymaking has visibly waned under the Conservative Government, whose policy it is to establish a different balance of forces between employers and trade unions throughout the economy and the depth of feeling against the Government was made particularly apparent at the TUC Conference in September. Resolutions were passed condemning the Government's economic policies and unemployment record, and refusing to cooperate with any incomes policy. Public sector unions—hardest hit by cuts in public expenditure—were most vociferous in their condemnation. The CBI for its part maintained its support for overall Government objectives, although it was critical of continued high levels of public borrowing, high interest rates and high exchange rate. However, regular contacts between the Government, TUC and CBI were maintained within the National Economic Development Council where wide-ranging discussions took place on economic policy, priorities and constraints.

After the three-month steel strike at the beginning of the year, which proved a test case for the Government's determination not to get involved in collective bargaining and employers' determination not to reach uneconomic settlements, the number of industrial disputes dropped considerably, as did the number of workers involved.

In all the number of working days lost due to strikes in 1980 came to 11 010 000 compared with 29 474 000 in 1979, the highest number since the 1926 General Strike. 75% of the days lost in 1980 were due to the three-month steel strike at the beginning of the year. The realization that many employers were unable to afford large wage increases and that job losses could well result from industrial action encouraged private sector negotiators to settle below the rate of inflation, often with productivity strings attached. In the public sector the Government relied on cash limits to provide the framework for settlements, although greater leeway was allowed in the nationalized supply industries than in the public service and local government, where public expenditure cuts also affected manning levels. In some public services higher settlements were agreed as a result of 'catching-up' awards from the Standing Commission on Long Comparability ('Clegg Commission'),¹ which was subsequently disbanded by the Government.

On the trade union front an inter-trade union dispute broke out over the question of which union should be responsible for organizing thermal engineers (lagers) working at a power-station construction site. The engineering union (AUEW) and electricians (EEPTU) were threatened with suspension from the TUC when they

¹ Point 172.

refused to concede the right of organization of lagers to the General and Municipal Workers Union, but they eventually accepted the TUC's decision.

Employee representation

122. In Belgium, the Government programme proposed a range of measures aimed at improving the standard of compliance with existing requirements as regards the disclosure of information to works councils, making the production of a 'social balance sheet' standard practice for large firms, encouraging such firms to introduce new systems of work organization in collaboration with their trade union delegation and ensuring full recognition for the special role of managerial staff within firms.

In addition, a Royal Decree of 24 April made generally binding a collective agreement concerning disclosure requirements in relation to health and safety at work which had been concluded within the framework of the Joint Committee for the Building Industry on 14 February.

123. In Denmark as a result of the adoption by the Folketing in June of various amendments to company law,¹ aimed at fleshing out the Folketing's decision of December 1979 to improve the participation of workers in companies, workers will in future have the right to elect at least one-third of management board members in joint stock and limited liability companies with a workforce averaging at least 50 workers over a three-year period. Previously they could only elect two members. The amendments also provide for representation within industrial groups, where workers will have the right to elect one or more representatives to the management board of the parent company, so that the total number of such worker representatives at parent company level is equal to at least one-third of the total management board members in a group. In addition the parent company must keep the management boards of subsidiaries informed of anything which may be of interest to the group as a whole as well as any planned decisions which could affect a particular subsidiary. The amendments enter into force on 1 January 1981.

124. In the Federal Republic of Germany, a draft law designed to ensure the maintenance of full co-determination in coal and steel firms was tabled at the beginning of July with the backing of more than 200 Social Democrat members of the Bundestag. This initiative was a direct reaction to plans for the reorganization of Mannesmann AG which would take the company outside the scope of the 1951

¹ Point 147.

Law on co-determination in coal and steel undertakings, thus reducing its statutory obligations as regards worker participation from full parity representation at supervisory-board level to the less radical arrangements provided for in the 1976 Law on worker participation. The draft law was intended to safeguard the well-tried coal and steel industry co-determination arrangements but failed to complete its passage through the Bundestag before dissolution and consequently lapsed. When the Federal Government announced its programme on 24 November, one of the measures included was a commitment to amend the 1951 Law and the 1956 Co-determination Amendment Law. The central feature of the planned amendments is that any firm subject to the coal and steel industry rules which ceases to fulfil all the statutory conditions should retain the same co-determination arrangements for at least six years thereafter. The 1951 Law contains no provision of this kind as matters stand, whilst the 1956 Law stipulates five years only.

It is also planned to change the system whereby those worker representatives on the supervisory board who do not have to be employees of the firm are nominated by the central trade union bodies. Instead, they will be chosen in the same way as the worker representatives from within the company. In the case of firms covered by the 1951 Law on co-determination in coal and steel undertakings, this will mean selection by the works council, whilst the system in firms covered by the 1956 Co-determination Amendment Law entails selection by electoral delegates chosen by the workforce.

These changes are expected to become law before the end of summer 1981. The Confederation of German Employers' Association (BDA) has repeatedly stressed, both in public statements and in its consultations with the authorities, that it opposes legislative action to solve the problem of the coal and steel industry co-determination arrangements. The employers' objection is that statutory provisions treating certain forms of manufacturing as equivalent to the production of coal or steel for the purposes of the co-determination rules would have the effect of extending coverage of these rules into manufacturing industry.

125. In France, explanatory discussions between the two sides of industry concerning the right of employees to be consulted on terms and conditions of employment came to nothing since the employers' organizations took the view that this matter did not lend itself to a formal agreement, feeling instead that current experiments should be continued and given the requisite publicity.

126. In Ireland, in accordance with the National Understanding, the Government intends to extend the Worker Participation (State Enterprises) Act 1977 to additional State enterprises. (Six already have worker representatives on their

management boards.¹) Discussions on worker participation issues will also take place in various parts of the public sector, probably through the Conciliation and Arbitration schemes in the civil service and local authorities and through special arrangements for other public-sector workers.

In March the Department of Labour issued a discussion paper on worker participation which deals with worker participation at board level, participation at plant level and in shopfloor work, financial participation and disclosure of information. (On the last point, the contents of a voluntary code of practice will shortly be discussed by all interested parties at the behest of the Government.) The discussion paper is intended to stimulate all concerned to formulate views on strategies appropriate to the country.²

127. In Italy, as in 1979,³ the latest collective bargaining round saw the extension and consolidation of the instruments available to the unions for monitoring developments—both within the undertaking and at regional district level—as regards production prospects, employment trends, restructuring and conversion plans, the environmental impact of production and new installations and their location.

In addition, the trade unions followed closely the progress of discussion within the Community institutions on the Commission's proposals concerning industrial democracy (the proposals for a fifth Directive on company law and a Directive on procedures for informing and consulting the employees of transnational firms).

128. In Luxembourg, a Law enacted on 3 April 1980 amended certain provisions of the Law of 18 May 1979 revising the legislation on staff delegations.⁴ The aim of this new Law is to take greater account of the right to freedom of choice in trade-union matters and to ensure equal treatment as regards representation and the facilities accorded to delegates for all unions with a legitimate claim to represent workers at the level of the individual undertaking establishment. The main changes to the 1979 Law are as follows: majority voting has been replaced by a proportional system for the election of both the central délégation and the full-time delegates (i.e., those released entirely from other duties); the major national union organizations now have the right to one directly-appointed full-time delegate in firms employing more than 1 500 workers.

¹ Point 150; Social Report 1978, point 146; Social Report 1979, point 116.

² Social Report 1979, point 116.

³ Social Report 1979, point 117.

⁴ Social Report 1979, point 118.

129. In The Netherlands, the draft law on worker participation in small firms¹ was subjected to some criticism by the trade-union movement. The FNV is particularly unhappy with the limited nature of the powers granted to works councils under the proposed law and would, moreover, like to see the threshold for the establishment of a works council lowered from 100 to 25 workers. The CNV holds similar views but would also prefer the head of the undertaking to have a place on the works council.

The employers are of the opinion that the proposed arrangements would overtax the organizational capacities of small firms. These objections have not been removed by amendments to the draft law announced in October.

Under a Government Order concerning the disclosure of financial information to works councils, all employers not previously required by law to produce annual accounts will henceforth be obliged to submit summaries of assets and liabilities to the works councils of their firms. This requirement applies in particular to natural persons partnership firms, civil and limited partnerships and to legal persons forming part of a concern for which consolidated accounts are produced.

130. In the United Kingdom the Government maintained its rejection of the legislative path in encouraging worker participation, preferring to stimulate the development of voluntary initiatives.²

On the question of more profit-sharing by workers, legislation was passed in the framework of the budget to expand previous provisions in this field and introduce a new share-option scheme.

Trade union unification

131. In Denmark the seamen's union³ has applied for a merger with the transport section of the semi-skilled workers union SID, while the projected creation of a joint confederation of the four graphic arts unions foundered on the difficulty of defining the frontier between the activities of the typesetting union and the lithographic union.

132. In The Netherlands the year under review saw the first merger between unions within the Federation of Dutch Trade Unions (FNV). The NVV and NKV

¹ Social Report 1979, point 119.

² Social Report 1979, point 120.

³ Social Report 1979, point 121.

'food' unions, which were already closely federated, merged to form a single union within the FNV.

Mergers also took place between the NVV and NKV industrial workers' unions, the resulting union being the largest in the FNV with a membership of 295 000, and between the NVV and NKV unions for the printing and allied trades.

133. In the United Kingdom the 12 000-strong Steel Industry Management Association decided to merge with the Electrical Engineers Staff Association, a section of the powerful electricians union EETPU, rather than with the industry-based Iron and Steel Trades Confederation.

Bank Staff associations announced their intention to set up a new non-TUC body as an alternative to the TUC-affiliated Bank, Insurance and Finance Union.

Chapter IV

Working conditions and labour law

Trends within the Community

Working conditions and work organization

134. Governments of Member States have continued to support research and pilot experiments aimed at improving working conditions without detriment to productivity. In some cases, virtually completed research programmes are being assessed. In other cases, support has been increasingly concentrated on the specific problems of workers suffering from particularly bad working conditions or on the adaptation to the introduction of new technology, which can provide new opportunities for a re-assessment of working methods and organization. The European Foundation for the Improvement of Living and Working Conditions, which has an important role in the exchange of information and ideas between institutions and agencies concerned with this field, has now launched its second four-year rolling programme, with the implications of new technology for working conditions as the central theme.

135. There is little new legislation in the field of working conditions, and, in present economic circumstances, there exists a certain resistance to any proposals which would impose additional costs on enterprises struggling for viability in a more difficult economic environment. In so far as one can speak of a trend at all, it is in favour of the removal of legislative barriers to greater flexibility, for example, in the organization of continuous shift-working, and in the introduction of part-time working.

The issue of reduced working time has become central to collective bargaining in Member States and industrial sectors, in the context of the problem of maintaining or, where possible, expanding employment and also in the context of substituting the furtherance of improved working conditions for wage increases.

While, in most Member States, there is no agreement between the two sides of industry on fundamentals, there are several instances of successful negotiation of significant reductions of working time in various forms and subject to various conditions, frequently, for example, the phasing of any reduction in working time is accompanied by an undertaking not to press for further reduction over a certain period.

Labour law

136. 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 have been aimed essentially at improving the situation of certain less fortunate groups of workers and strengthening the legal protection of workers and the defence of their interests.

As part of such endeavours, the Council adopted on 20 October 1980, on a proposal from the Commission, the Directive concerning the approximation of the laws of the Member States relating to the protection of workers in the event of the insolvency of their employer.¹

This Directive requires the Member States to set up institutions totally independent of the employer's working capital and so constituted that they cannot be seized in the course of bankruptcy proceedings; these institutions are required to settle, within certain limits, employees' outstanding claims which arose before the onset of the employer's insolvency.

The Directive also contains provisions for protecting the interests of employees in the event of non-payment by the employer of contributions to social security bodies and to supplementary company or inter-company pension schemes.

It is left to the Member States to settle the detailed arrangements of the organization, financing and functioning of the guarantee institutions. This enables those Member States which have already set up such institutions to permit the latter to continue their activities without change, provided the principles and aims of the Directive are observed.

The Member States have 36 months to comply with the Directive.

¹ OJ L 283, 28.10.1980.

Development of the situation in the member countries

Working conditions

137. In Belgium, the Fund for the humanization of work, set up by the Minister for Labour and Employment under the Law of 22 December 1977 has drawn up a report of its activities. Up to 15 June 1980, 598 grants, totalling BFR 419 000 000 had been approved. Assisted projects predominated in larger enterprises and concentrated on reducing physical stress at the workplace, rather than on new forms of work organization.

The governmental agreement of October 1980 (Martens IV) provided for initiatives in the arrangement of working time, whether in terms of the introduction of flexible working hours, of part-time work or of additional leave, for example, for family reasons. The National Labour Council had already given its opinion or submitted reports on these matters. A draft Bill has been laid on part-time work, largely based on the Council's opinion.

The evaluation, anticipated for September 1980 of measures taken at the level of the enterprise and the economic sector for the reduction of working time aimed at achieving a 38-hour week has been postponed. According to a Ministerial document, 69% of public and private-sector workers will have a working week of less than 40 hours by the end of 1980, and 24.33% of private-sector workers a working week of 38 hours or less.

138. In Denmark, a commission of the Council of Technology has reported on the question of assessment of technology from the point of view of working conditions. The report, criticized by employers advocates the setting up of a council of technological evaluation, which would include representatives of both sides of industry, for coordination of the work of evaluation and the diffusion of information.

A report of the Directorate for Working Conditions concluded that the early retirement provisions introduced at the beginning of 1 January 1979¹ had had positive results. Employers' organizations, however, claimed that they found difficulties both in principle in relation to the ordinary system of pensions and in practice in finding replacements in certain firms.

¹ Social Report 1978, point 141.

In May 1980, the Parliament imposed new conditions, which had the effect of lengthening the period of membership of an insurance scheme necessary to qualify for the benefit of these arrangements.

139. In the Federal Republic of Germany, a federal centre for humanization of working life has been set up at Dortmund. The objective of this centre is to put into practice the results of the research carried out within the framework of the action programme for humanization of work.

The 40-hour week is provided in collective agreements covering 94% of the workforce. The working week for continuous shiftworkers in the chemical industry, reduced to 41 hours in 1980, is being further reduced to 40 hours in 1982. A shorter working week now obtains for stressful work in the coal, iron and steel, metallurgical and other industries.

Over 67% of workers obtained additional holidays in 1979, and the average annual holiday is now of 25.8 work days. Collective agreements provide for over six weeks for 2% of workers, five to six weeks for 59% of workers, four to five weeks for 33% and less than four weeks for only 6%. 10% of workers have qualified for additional holidays over the past six years on the ground of their being engaged in health-endangering work. Collective agreements have been negotiated in many industrial sectors, including automobiles, man-made fibres, rubber and chemicals, for an additional two to three working days. These agreements will bring the majority of workers to a minimum six-week paid annual holiday by 1983.

The Federal Minister for Youth, Family and Health has advocated various measures, including encouragement of part-time work and flexible working hours, to help women with families—a position also endorsed by the main employers' organization (BDA). There is a preliminary agreement on part-time work for older workers in the food industry.

140. In France, the president of the employers' organization, CNPF, in presenting the 1980 report of the employers' committee for social and economic development in the enterprise, advocated a concerted policy of improving working conditions both on its own merits and as an essential condition of successful technological innovations. The report gave a summary of the results of some 2 000 projects, in more than 500 enterprises, aimed at improving the working environment.

The Minister for Labour and Participation published the first results of the October 1978 enquiry by the national statistical office (INSEE) on working conditions, based on a sample of 20 000 workers. These show that a high proportion of workers work unsocial hours, in an environment characterized by noise, heat,

humidity and other nuisances. Female workers are shown to be particularly affected by machine-paced working rhythms and rigid factory discipline.

After the breaking-off of negotiations between the trade union and employers' organization on the arrangement of working time, the publication of the government-commissioned Giraudet Report provided a basis for the resumption of negotiations at the end of May 1980. Giraudet proposed an easing of certain restrictions with a view to a better utilization of capital equipment.

In the light of the Lucas Report (April 1979) on part-time work, the Government has tabled a proposal for legislation adopted by Parliament at the end of the year to remove certain constraints on employers in introducing or extending part-time work, now understood as all work occupying a period less than the standard working week.

141. In Ireland the Agreement on Pay Policy 1980 contained in the Second National Understanding for Social and Economic Development states that standard working hours will remain at their current level for the 15-month period of the Agreement. Employers have agreed, however, that in the event of negotiations for a further Agreement they will give consideration to a reduction in working in the context of the general social and economic situation and international developments. The agreement also commits the Government, which has not completed its discussions with the two sides of industry following the 1979 Agreement, to introduce a Bill to reduce the statutory limit on working hours (normally 48 hours weekly) in early 1981.

The statutory minimum paid holiday is 15 days.

The provisions of the Agreement on Pay Policy 1979 for an additional two days annual leave for employees with less than 17 days annual leave, have been generally implemented. The Agreement on Pay Policy 1980 provides that trade unions may negotiate the introduction of arrangements for 19 days leave in 1981. Employees entitled to 19 days paid leave or more in 1981 may negotiate an additional day's paid leave.

A major report on overtime working commissioned by the Department of Labour and the European Commission was published in May 1980. The report draws attention to the high levels of systematic overtime worked in industry and the possible contribution to employment of a significant reduction in overtime and discusses the advantages and disadvantages of an annual limit on overtime.

142. In Italy, the discussion of the question of a general reduction in weekly hours has been reopened by one of the major trade union confederations, the CISL.

Other trade union confederations have, however, preferred to put the emphasis on the question of a reduction in total working time.

Following the pattern of earlier collective agreements in the mechanical engineering and timber industries, there have been a number of agreements to reduce working time, for example in the tobacco industry, in compensation for former religious holidays which ceased to be public holidays following Law No 54 of 1977. Collective agreements covering rubber and plastics, skilled workers in textiles, clothing and hosiery and employees of 'Wagons-Lits' have included provisions for reduced working time and also for the introduction of new forms of work organization. The collective agreement of 10 May 1980 will give 650 000 employees in local and regional offices of public bodies a 36-hour working week by the end of 1981.

143. In Luxembourg, the Law of 25 February 1980 had the effect of lowering age of eligibility for early retirement pension for workers from 62 to 60, subject to certain conditions as to insurance.¹

The Law of 5 March 1980 made retirement of steelworkers at 57 optional. Early retirement had previously been compulsory under the provisions of the Law of 24 December 1977.

144. In The Netherlands, discussion on shift-working has continued. The Minister for Social Affairs has tabled a document in the Second Chamber of Parliament, setting out guidelines on the conditions in which continuous shift-working (in four shifts) can and should be undertaken. The trade unions have secured the principle of a five-shift system with reduction of working hours to an average of 35.5 hours per week over a 12-week period. The fifth shift, however, remains a controversial theme. The Minister for Social Affairs has also declared his intention of amending the legislation of 1979 to remove any elements of discrimination against women doing night-work.

A new Employment Conditions Act updates safety legislation² and, *inter alia*, obliges employers to adapt workplaces, working methods and tools so far as is reasonably practicable to the needs of employees, to avoid situations where employees have no influence over the tempo of work and to ensure that the work itself contributes to the development of the individual employee's skills and aptitudes.

¹ Point 218.

² Point 229.

The National Economic Council has conducted a survey of overtime in the retail sector. The survey indicates a high proportion of business in breach of the legal restrictions on young people doing overtime, and also a high proportion of overtime not paid for at the legally applicable rates.

A task force set up by the national railway company (Spoorwegen NV) has, in its report on part-time working, concluded that part-time working is appropriate to many jobs on the railways, and should be generally encouraged and facilitated.

Collective agreements have continued to extend the provisions for early retirement, which now cover 1 800 000 workers, in some cases from 62 years of age. Depending on the sector in question, 30-50% of the workers eligible have taken advantage of these provisions.

145. In the United Kingdom, the Tripartite Steering Group on Job Satisfaction approved a report presented to it by the Director of the Work Research Unit. Increased attention will now be paid to putting into practice the knowledge now gained by the Unit, with a particular emphasis on 'the opportunities that are offered for increasing job enrichment and job satisfaction by the introduction of new technology and the development of new workplaces and new investment projects'. There have also been widespread discussions of the relationship between new technology and working conditions.

Following the national engineering agreement of 1979, covering manual workers,¹ which provided for the introduction of a 39-hour week from 1 November 1981, collective agreements covering *inter alia* the retail sector, furniture manufacturing, printing, plumbing, heating and ventilating, timber, flat glass, civil engineering and building construction have provided for working hours to be reduced, usually after a certain delay, to less than the normal 40-hour standard working week. Such agreements had been negotiated for 1 500 000 workers between mid-1979 and mid-1980, and, to this extent, therefore, the campaign by the Trades Union Congress to reduce the basic manual work from 40 to 35 hours, had enjoyed some success.

Improvements in holiday entitlement have been secured by many workers, so that half of all employees now have a basic holiday entitlement of at least 20 days.

While the value of such reductions in working time, from the point of view of working conditions, must be set against a relatively high level of overtime working, by European standards, there was evidence of a 30% fall in overtime worked between July 1979 and July 1980, the July 1980 total of 10 800 000 man-hours worked in manufacturing industry being the lowest for five years.

¹ Social Report 1979, point 134.

Labour law

146. In Belgium, the institutional reform law of 8 August 1980 delegated certain powers to the local and regional authorities in the social field. Some of these powers relate to vocational training and retraining.

A royal decree of 8 January on arrangements for implementing legislation on annual holidays for wage and salary earners guarantees equal treatment for men and women as regards the nominal wage used as a basis for computing holiday pay. This measure is in line with the European Community Directives on the elimination of discrimination between men and women.

On 9 July 1980, the National Labour Council approved a draft collective agreement protecting the rights of workers in the event of a change of employer as a result of the transfer of an undertaking and specifying their rights in the event of resumption of activities following the firm's bankruptcy or an arrangement or composition ordered by the Court. The new measures fall within the scope of the Community Directive on the protection of workers in the event of mergers and supplement an earlier multi-sectoral agreement on the application of this Directive under Belgian law.

Further, the National Labour Council continued its endeavours to implement the Community Directive on equal treatment for men and women. In cases where sex is a determining factor for the performance of a job, Article 122 of the economic recovery Law of 4 August 1978 provides for the possibility of derogating from the principle of inviting applicants of both sexes after consultation of various bodies, notably the *Commission du Travail des Femmes* (Committee on Women's Employment), representing the public and private sector and the National Labour Council, representing the private sector.

Lastly, the National Labour Council and the Committee on Women's Employment have set up a joint committee to study the question of reviewing legal provisions concerning night work in the light of the principle of equal treatment for men and women.

147. In Denmark, the High Court has deliberated on a number of important labour law cases during the year. In the equal treatment field it reversed a decision of the Trade and Sea Tribunal of October 1979 in which the seafarers' union contested the refusal of a shipping firm to employ a seamstress but lost.¹ The High Court's support for the seafarers' union appears to imply that no employer can

¹ Social Report 1979, point 141.

refuse to employ women on the grounds of insufficient lavatory, bathroom or cloakroom facilities. In a previous equal treatment case the Trade and Sea Tribunal decided in favour of the seafarers' union which was contesting the refusal of another shipping company to employ the same seamstress on the ground of dangerous working conditions in the ship's holds. The Tribunal held that this constituted an infraction of the law on equal treatment.

The High Court also backed up the principle of an employer's right in certain circumstances to dismiss salaried employees who hold trade-union meetings during working hours in its acquittal of a firm accused of illegally dismissing eight data-processors who refused to end such a meeting after being threatened with dismissal. In another industrial relations conflict concerning the fining of 48 pickets on the basis of a police regulation on public order,¹ the High Court confirmed the original court fines, implying that the use of physical obstruction in industrial disputes must be considered illegal.

In Denmark the Folketing adopted Law No 266 on 16 June to amend (as from 1 January 1981) the law relating to joint stock companies, limited liability companies, banks and savings banks. The law is intended to strengthen worker participation² in these companies which employ an average of at least 50 people by over a three-year period providing for third worker representation at management board level. It is also aimed at improving information for the public authorities about the ownership of companies by obliging joint stock companies and limited liability companies to keep a publicly available register of those shareholders with at least 10% voting rights and of secured creditors with a least 10% of the nominal value of the company's capital.

148. In the Federal Republic of Germany, the protracted dispute over the legality of the lockouts was ended in June by three judgments of principle delivered by the First Division of the Federal Labour Court. The dispute was over the lockouts in the printing and metalworking industries in 1978,³ which the trade unions opposed. The main principles of these judgments can be summed up as follows:

General admissibility of lockouts

Defensive lockouts are basically admissible as a means of restoring and maintaining the negotiating balance and are at all events justified, should the union take the offensive and employ special tactics such as, for example, strictly limited selective

¹ Social Report 1979, point 141.

² Point 123.

³ Social Report 1979, point 142.

strikes which give it an advantage in the negotiations. A general ban on lockouts is admissible; this applies equally to the ban on lockouts in the Hesse Constitution.

Proportionality of lockouts

The admissible scope of defensive lockouts is governed by the principle of 'proportionality' (no immoderate action). The deciding factor is the scope of the 'offensive' strike. From this it is inferred that in the event of a strike of fewer than 25% of the employees in the tariff area a defensive lockout is, in general terms, proportional if it does not affect more than 25% of the employees in the tariff area. Where there is a strike of more than 25% of the employees in the tariff area, the employer's right to lock out is extended proportionately.

Inadmissibility of applying lockouts to union members only

A lockout aimed only at the members of a striking union and not applying to non-union workers is illegal.

On 25 June 1980, the Bundestag passed a law on the equal treatment of men and women at the place of work and on maintenance of workers' rights in the event of transfers of undertakings (Law of 13 August 1980, BGBL. I, page 1308).¹ The central points of the law is that it forbids employers to discriminate against employees on grounds of their sex. This prohibition applies to every aspect of the employment relationship between employer and employee from beginning to end.

The law lays down that no person may be paid less for equal or equivalent work simply on grounds of their sex. To ensure compliance with the ban on discrimination, the onus of proof—in the event of litigation—has been made substantially easier for the employee who has been discriminated against.²

The law likewise improves the legal position of employees in the event of transfers of undertakings. Two Community Directives were thus incorporated in German national law.

On 22 December 1980, the Federal Labour Court decided—with reference to the effect of industrial action on undertakings not directly involved in the action—that employers may introduce short-time work or stop work entirely, if they are unable to continue production for lack of the necessary production materials. However,

¹ Social Report 1979, point 142.

² Point 162.

employers must consult their works councils on how short-time work is to be introduced and determine whether the consequences for the individual employee can be alleviated, for example by giving up overtime or similar measures. This decision is a new addition to the Federal Labour Court's pronouncements on the effects of industrial action. The trade unions have described this legal problem, which is known as commercial risk, as a 'cold lockout' and are demanding that the employment and wage risk be switched to the undertakings immediately affected by industrial action.

149. In France, on the basis of a Government draft, the National Assembly adopted a law introducing improvements to the Law of 30 December 1973 on part-time work.¹

Following this, a ministerial circular of 4 February 1980 spelled out certain arrangements for implementing the obligation devolving upon temporary employment business to provide proof, under the Law of 2 January 1979, of the existence of a guarantee ensuring—in the event of default on their part—the payment of wages and social charges. Finally, on the basis of a draft tabled by the Government, the National Assembly has adopted a law protecting the jobs of workers who suffer accidents at work or contract an occupational disease while they are incapacitated and during rehabilitation. The law also ensures that they are re-employed in the undertaking where the accident occurred. Dismissal is permissible only where the employer is unable to maintain the employment contract in force during the employee's incapacitation or to re-employ him, possibly in another capacity, when he is capable of working again.

150. In Ireland the Minister for Labour intends introducing legislation to extend the provisions of the Trade Disputes Act 1906 to public service workers, giving them the same safeguards in relation to strikes and picketing as their counterparts in the private sector.

The Government has also undertaken to extend the principle of employee representation at board level in additional State enterprises by extending the Worker Participation (State Enterprises) Act 1977.²

In October the Government adopted a Regulation putting into effect the EEC Directive on the safeguarding of employees' rights in the event of transfers of undertakings, businesses or parts of businesses (Acquired Rights).³

¹ Point 140.

² Point 126; Social Reports 1978, point 146; 1979 point 116.

³ OJ L 61/26, 5.3.1977.

151. In Italy, the perennial questions of the regulation of the right to strike has been to the fore. The debate rages around the choice between legislation, regulation through collective agreements, or self-regulation. The most recent developments have centred on trade union self-regulation (for example, the code of practice for the public services proposed jointly by the three main union confederations on 2 June 1980). However, the impossibility up to now of enforcing general observance of a voluntary strike code drawn up exclusively by one part only of the trade union movement (excluding the independent unions), is a serious obstacle to the self-regulation system.

In the area case-law, the Constitutional Court has just ruled that all measures which, without in any way curtailing the workers' right to strike, are designed to limit the harmful effects of strikes, particularly those affecting essential public services, are legitimate.

152. In Luxembourg, the Government has put before Parliament draft laws intended to bring Luxembourg legislation into line with three Community Directives:

- (i) Directive 75/129 of 17 February 1975 concerning the approximation of the laws of the Member States relating to collective dismissals;
- (ii) Directive 76/207 of 9 February 1976 on the implementation of the principle of equal treatment for men and women as regards access to employment, vocational training and promotion, and working conditions;
- (iii) Directive 77/187 of 14 February 1977 on the approximation of the laws of the Member States relating to the safeguarding of employees' rights in the event of transfers of undertakings, businesses or parts of businesses.

With specific reference to the Directives on equal treatment for men and women and collective redundancies, the Chamber of Commerce delivered a fairly critical opinion on the draft laws put forward by the Government on the grounds that they imposed requirements not contained in the Community legislation.

A Committee on Women's Employment was established by a Ministerial Order of 19 February. The new Committee is an advisory body composed of representatives from women's organizations, trade unions, employers' associations and the Government. Its brief is to study all matters relating to the employment, training and occupational advancement of women with a view to promoting equality of opportunity and treatment for women workers.

Lastly, the Grand Ducal Order of 5 February 1979 concerning the conditions and procedures for the promotion of officials from one career bracket to another was

amended by a further Grand Ducal Order on 31 March 1980 with a view to its application to statutory posts in social security organizations.

153. In The Netherlands, the draft law on equal treatment for men and women at work, submitted to the Second Chamber in December 1978, entered into force on 15 March. The purpose of this law is to give effect to the Council Directive of 9 February 1976. Because this law applies only in part to the public sector, however, a further law on the equal treatment of men and women in the public service entered into force on 19 July. Thus, Dutch legislation has been brought into line with both the Directive referred to above and the Directive of 10 February 1975 on equal pay for men and women in the public sector.¹

In December, the Secretary of State for Social Affairs consulted the Social and Economic Council on a draft law under which employers will be required to fill at least 5% of posts with handicapped persons. Firms which are unable or unwilling to meet this requirement will be obliged to pay an amount (to be determined) which will be used to help handicapped persons find employment elsewhere. Under existing legislation, employers can be compelled to allocate 2% of their posts to handicapped persons.

When, in April, The Netherlands ratified the European Social Charter, which gives both employees and employers the right to take collective action, a reservation was entered with regard to collective action by public servants. During the discussions on the draft ratification instrument, the Government gave an undertaking to withdraw the reservation in due course, after the question of the right of public servants to take collective action had been settled. A motion by the Chamber requires a draft law to be presented on this matter by 1 January 1981.

154. In the United Kingdom the main development in labour law was the entry into force (except for Northern Ireland) of the Employment Act dealing largely with regulating trade-union activity. The Act provides for the State financing of trade-union secret ballots (on elections, starting or ending strikes, mergers, etc.) greater restraint in the use of closed shops (requiring new closed shops to be approved by 80% of the workforce in a secret ballot, providing more protection for workers from being unreasonably excluded or expelled from a union in a closed-shop agreement), and greater control over picketing (limiting lawful picketing to people picketing at their own place of work, a trade-union official from the same union or unemployed people at their former place of work in certain circumstances). Secondary action (e.g. blacking or sympathetic strikes) will only be

¹ Point 170.

lawful if it is intended to interfere with the supply of goods or services between the employer in dispute and a first supplier or customer whose own employees are taking action. The Act also covers unfair dismissal, giving greater protection for smaller employers especially in relation to closed shops and trade union pressure, and potentially reduces the level of compensation which could be paid.

Codes of practice have been issued under the Act, one on picketing—essentially limiting the number of pickets to six per entrance, and the other on the closed shop—suggesting periodic reviews of such agreements and secret ballots to see whether the workforce wished to maintain them.

Maternity rights are also altered by the Act. Pregnant employees now have the right not to be reasonably refused paid time-off from work to attend ante-natal clinics. In addition female employees are now required to notify in writing their intention to return to work after maternity leave, laying down specific deadlines for notification, providing for newly-confined women to be offered a suitable alternative job if it is not practicable to reinstate them in their previous job. Furthermore, small employers (with a workforce of five or less) may be relieved of the obligation to reinstate such women or offer suitable alternative employment if not reasonably practicable.

Whilst the TUC refused to cooperate at all with the Employment Act, considering it to be an infringement of trade-union rights, some Conservative Members of Parliament criticized it for not going far enough.

Chapter V

Wages, incomes and asset formation

Trends within the Community

156. The second oil crisis which triggered off new oil price rises up to mid-1980, had a serious impact on employment and inflation rates, effectively forestalling any further improvement in economic activity. The GDP growth-rate in 1980 for the Community as a whole remained very low; in the United Kingdom and, to a lesser extent, in Denmark the rate was in fact negative. To deal with this new crisis, governments therefore had to back up their policies to combat unemployment with measures designed to foster productive investment and fight inflation by aiming for monetary stability, a better foreign trade balance and stricter controls on incomes.

Although the Member States were pursuing basically the same objectives, the measures taken to combat inflation differed from one country to the next, in particular as regards pay and incomes policy. In Denmark, Parliament laid down pay guidelines and froze prices and profits until 28 February 1981. In March, the Dutch Parliament gave the Government a green light to impose income controls and a decree was passed freezing incomes and terms of employment with effect from 10 January 1980 until the end of the year. The United Kingdom Government, on the other hand, stuck to its policy of keeping a tight rein on the money supply and allowed the two sides of industry complete freedom to negotiate. In other countries, e.g. Luxembourg and the Federal Republic of Germany, freedom to negotiate pay agreements remained a cornerstone of policy although the Belgian, Italian and French Governments did intervene by setting out general guidelines or by having contacts or consultations with the two sides of industry with a view to achieving voluntary wage restraint. In Belgium the consultations having broken down, a draft law tabled by the Government was adopted by Parliament on 23 December. The law freezes monthly earnings exceeding BFR 35 000 for the period 1 January to 15 February 1981 but leaves the indexation system intact.

157. Certain aspects of the automatic wage-indexation systems continued to be hotly debated in 1980. In fact, the very principle of index-linking was even called

into question. The Danish system was substantially amended by Parliament, which decided to remove the price of energy products from the reference index and to take January 1980 (= 100) as the new base. It also cancelled payment of the indexed wage increases which the old index would have triggered off on 1 March 1980. In the Netherlands, the first cost-of-living adjustment was made at the beginning of the year despite the official wage and salary freeze, but the second adjustment was replaced by the payment of a smaller flat-rate increase. In Ireland, the clause in the 1979 National Understanding on cost-of-living adjustments to wages and salaries was not included in the 1980 Understanding, the two sides of industry having decided to review the situation in March 1981 if the increase in the price index is greater than anticipated. After a long series of political negotiations and tripartite consultations, the new Belgian Government promised to retain the established automatic indexation system. In Italy, too, the unions exerted considerable pressure on the Government to retain the system of automatic increases in the cost-of-living allowance (*indennità di contingenza*). In Luxembourg, the existing system remained in force and price rises twice triggered a 2.5% increase in all wages and salaries under legal provisions, collective agreements or individual contracts. In France, where the SMIC is the only wage that is officially index-linked, the Government continued to pursue its objective of maintaining the purchasing power of average gross wages and salaries on the basis of movements in the official consumer price index.

It emerged from discussions of the advantages and disadvantages of automatic wage indexation that no clear link can be established between index-linking and the upswing in inflation rates. In this respect, evidence based on trends in 1980 is particularly contradictory. For instance, the Federal Republic of Germany has no indexation system yet its rate of inflation was very low, while in the United Kingdom, where index-linking is not practised either, the inflation rate was very high. In addition, inflation was rampant in Italy with its traditional sliding-scale system, whereas countries such as Luxembourg and Belgium, which have an automatic indexation system of general application, experienced moderate inflation.

In 1980 there was once more an increasing tendency throughout the Community to grant more substantial wage increases to the lowest paid.

158. As regards asset formation, studies, legislative activity and discussions continued in several countries in 1980, in particular in the Federal Republic of Germany, Denmark, the United Kingdom and Italy. There were two outstanding developments: in France, the draft law introducing a special free distribution of shares to the employees of quoted companies was adopted by Parliament and enacted on 24 October 1980. Companies are obliged to decide whether or not they

wish to make this distribution, which entails an increase of up to 3% in their capital, 65% of which is State guaranteed. In the Netherlands, the two draft laws of 1978 on individual and collective participation of workers in the capital growth of their firm were amended and merged into a single text by the Government and presented once more to Parliament. The law will enter into force on 1 January 1980 if it is published before 1 April 1981 or on 1 January 1981 if published at a later date (but before April 1982). The Government estimates that the two forms of participation will involve a sum of about HFL 300 million in the first year.

Development of the situation in the member countries

Belgium

159. Voluntary wage restraint was one of the key concerns of the three governments formed in Belgium during 1980. The Government made it clear in a statement on 21 March that preference should be given to safeguarding jobs and maintaining purchasing power rather than to securing a real increase in individual incomes; another aim was to alleviate the impact of the reduction in working time on companies' costs. A norm of 2% to 2.5% per annum was laid down for increases in real wage costs in the public and semi-public sectors. The Government also recommended that the same norm should apply in the private sector. In its declaration of 20 May, the new Government reiterated the objectives of its predecessor; however, instead of reaffirming the recommendations made in March it announced its intention of allocating BF 2 300 million to improve the lot of the least well-off. As a result of vigorous trade union opposition, the solidarity project of withholding 2% of wages and salaries in the public sector was dropped.

The third Government of 1980 invited the social partners to a National Labour Conference, the first in 32 years, with a view to getting their approval to an economic and social recovery plan which would serve as a basis for an interprofessional agreement. The Government proposals dealt with various fields and one of its aspects was concerned with income, both earned and unearned. As regards salaries and wages, the Government proposed the sole maintaining of purchasing power during a period of two years but envisaged that monthly earnings under BFR 35 000 could be granted an extra 1% maximum increase. The monetary

benefits laid down in existing conventional agreements which went beyond indexation would not, furthermore, apply to monthly earnings over BFR 35 000. As the social partners could not reach an agreement,¹ the Government tabled an economic, social and financial recovery plan which included all these proposals with slight amendments. In view of the parliamentary time-table at the end of the year, the Government presented a law containing transitory measures of conservation in respect of income moderation which was adopted by Parliament on 23 December. This 'mini-law' spans the period 1 January to 15 February 1981 and anticipates legislation of a more definite nature. No salary increase, except indexation, is allowed for monthly earnings which stood at BFR 35 000 or more at November 1980; a maximum 1% increase being allowed for earnings below that figure. Income from professional activities were, at the same time, frozen at their December 1980 level. By then legislation to limit increases in investment income in 1980 had already been passed: notably the 24 December 1979 Finance Law which limited rent increases to 5% of their November 1979 level and 15 September 1980 Royal Decree which stipulated that increases in dividends and bonuses payable (on the 1979 year of income) in 1980 should not, as laid down in the 8 August 1980 Law, exceed 5% of what was paid in 1978.

As regards the renewal of collective agreements, the increases granted in the private sector were staggered over a period varying from 12 to 24 months. Low-wage groups were granted a flat-rate increase not exceeding BFR 6 an hour. The nominal increases in hourly rates for wages governed by collective agreement in 1980 ranged from zero in the glassmaking industry to BFR 6 for manual workers in the petroleum industry (BFR 1 in removal firms, BFR 1.75 in the textile industry, BFR 2.70 in sawmills, BFR 3.20 in department stores and BFR 5.35 in the iron-mining sector). Wage cuts were even accepted in a firm in the construction and electrical engineering industry to permit restructuring measures, while the employees of a banking institution agreed to reductions in their bonuses in return for a two-year job security guarantee and the introduction of an early retirement scheme more advantageous than the statutory scheme.

Statistics available on pay rises governed by collective agreements reveal that the upward trend in the manual workers' index (+8.2% in 1980 compared with 7.0% in 1979) was due entirely to an acceleration in the inflation rate (indexation accounted for a 7.1% rise as against 4.8% in 1979). Increases not due to indexation were therefore lower than last year (1.1% as against 2.2%).

A similar picture emerges for the index of salary earners' pay, which rose by 8.1% in 1980 as against 5.1% in 1979: price inflation was responsible for a 7.9% increase

¹ Social Report 1980, point 113.

as against 4.5%, so that increases not attributable to indexation were slightly higher than in 1979 (0.8% as against 0.6%).

Except in cases where special index-linking schemes are approved by the relevant joint committee, the minimum average monthly income rises by 2% at each triggerpoint. It has thus been increased 20 times since 1 January 1975 and stood at BFR 23 032 on 1 November 1980. The Government requested the National Labour Council to formulate an opinion on the possibility of adjusting the minimum guaranteed income not only by price indexation but also in the light of movements in wages and salaries not linked to the index. The opinion given was not unanimous and appropriate measures have yet to be taken.

In addition, in the light of an infringement procedure instituted by the Commission in connection with failure to apply fully Council Directive 75/117 on equal pay, the Belgian Government drew up a draft Royal Decree amending the existing conditions for the payment of household allowances in the public service, which discriminate between married female and male officials.

Denmark

160. On 14 November 1979, the new Parliament elected in October imposed a total freeze on pay, prices and profits until 31 December 1979. This move was merely the first of a series of longer-term austerity measures. On 21 December 1979 Parliament amended and then adopted the multiannual economic programme presented by the Government on 4 December. This programme includes a number of measures mainly concerned with income trends. Regulations tending to limit the rise in prices and profits—with a few exceptions—(under the supervision of a central monitoring body) were implemented for the period up to 28 February 1981. The wage indexation system underwent fairly significant changes. Energy products were excluded from the 'wage adjustment index' (*Reguleringspristallet*) for January. This is a cost-of-living index specially adapted for wage indexation, which is calculated monthly but is published as a quarterly average as at January, April, July and October. Wages and salaries are automatically adjusted twice a year on 1 March (if the January index has risen by at least 3 points) and 1 September (if the July index has risen by at least 3 points). The January 1980 index, which does not take account of increases in the price of oil products, has now been taken as a base (= 100) for the wage-indexation system and index-linked wage and salary increases due to be paid on 1 March 1980 on the basis of the old index were withheld. At the same time, the fixed-sum for each indexation point was increased from DKR 0.60 to DKR 0.90 per hour for workers over the age of 18, but the first payment was to

be reduced by one-third to offset the effect of the November 1979 devaluation of the Danish krone.

However, the guaranteed minimum hourly wage for the lowest paid workers was increased from DKR 33.80 to DKR 35.75 from 1 March 1980. It was further increased to DKR 36.35 on 1 September as the first index-linked payment mentioned above was made on this date for all employees on the basis of the July wage adjustment index.

In May, Parliament adopted laws designed to increase a number of taxes with a view to reducing the 1980 budget deficit. From 30 June, VAT on all goods and services rose from 20.25% to 22% and taxes on electricity, and petrol were increased. This had a marked effect on the consumer price index, which rose by 5.8% from January to June and by 9.2% from January to August. The annual rate of inflation, which at that time stood at 13.5%, has since stabilized and the December index of retail prices, equivalent to an annual 10.9% rate is an indication of a significant slowdown for the whole year.

The latest statistics show that in the year to November 1980 manual workers' wages in industry rose by 8.8% while salaries rose by 8.1%. As only one index-linked payment was made (in September) and in view of income-tax increases, the purchasing power of Danish wage and salary earners would appear to have fallen by about 2% in 1980. In the public sector, wage and salary earners received a 3.35% increase in April calculated on the basis of their own sliding scale and adjusted in line with wage drift in the private sector.

The employers and trade union organizations (DA and LO) met to start preparations for the next round of collective agreements. In August they agreed on a procedure which departs from previous practice in that the opening stage of the negotiations will be decentralized. At the same time, they agreed not to formulate definitive demands but to focus their attention on key issues. For its part, the Government made it clear that it had no intention of organizing tripartite discussions in the context of the new negotiations as requested by the unions, preferring to leave it up to the two sides of industry to conclude an agreement.

161. A working paper prepared by the Commission, which was given the task of conducting an enquiry into the problems of low wages and deals with low pay in the retail trade, is worth mentioning. This paper analyses the employment structures in this sector and notes that the lower categories of wage-earners in the retail trade, and women in particular, tend to have very low incomes, that the sector is employing more and more part-time labour (60% of the women in the trade work part-time) and that the worst-paid jobs tend to be reserved for women.

Federal Republic of Germany

162. The Federal Government presented its customary annual economic report for 1980 in January. The key economic forecasts include an increase of about 2.5% in GDP, an unemployment rate of no more than 3.5% or 4% of the working population and a maximum increase of 4.5% in consumer prices. As for income distribution, the report forecasts that the increase in wages and salaries as a proportion of national income will be marginally higher than the corresponding increase in non-wage incomes, which represents a reversal of the 1979 trend. Available statistics for 1980 show that GNP grew by 1.8% in real terms, the annual rate of inflation stood at 5.4% and the incomes of wage and salary earners rose by 7.7% compared with a 3.3% rise in non-wage incomes.

As firms' profits were higher than anticipated in 1979 and with inflation rising more rapidly, wage demands were significantly higher in 1980 than in 1979, averaging out at between 9% and 10.5%. Contrary to their stance in 1979, this year the trade unions set greater store upon maintaining real wages than upon improving working conditions. In the private sector, agreements affecting 95% of employees were concluded in the first six months of the year. Increases in basic wage rates ranged from 6.3% to 7.2% with an average of 6.7%—the figure arrived at for the increase granted in February under the agreements signed in the metal-working and iron and steel industries. In the public sector (including civil servants in the strict sense), wages and salaries rose by 6.3% from 1 April. A 'social element' (*soziale Komponente*) was granted to the worst-paid workers under many agreements: for instance, lump-sum payments of DM 30 to DM 165 were paid to this category of workers in the metal-working and iron and steel industries and similar payments of up to DM 200 plus a personal supplement of DM 13 were paid to wage and salary earners in the public sector if their income was below a certain level. Low wages and salaries were also increased in the banking and insurance sectors, the commercial sector and the printing industry. One exception was the building trade: while the average increase was 6.6% (for a period of 11 months under the collective agreement), skilled workers received increases of up to 9.2% as a result of increases fixed in advance in an agreement on wage differentials in this sector.

Compared with the same period last year, the index of hourly wages and salaries governed by collective agreement rose by 6.5% from January to September, while real hourly earnings rose by 8.6%. Statistics published by the Bundesbank show a 6% increase in total net wages and salaries during the same period, representing a slight increase in the purchasing power of wage and salary earners as a whole over this period. Purchasing power per salary earner seems likely to fall slightly during the year notwithstanding the marked slowdown in the rise in consumer prices in the

last six months and the tax relief measures planned under the tax reform adopted in July for the year 1981 but applied to the 1980 end-of-year bonuses. The 1981 reform is designed primarily to reduce the tax burden by adjusting the progressive income tax scale, improving family benefits and affording tax relief for households.

At the request of the Ministry for Youth, Family and Health, the Berlin Institute for Economic Research conducted a study of family incomes in 1979 broken down according to the socio-economic position of the head of household, the size of the family and the number of persons earning a wage or salary. Notwithstanding a certain amount of overestimation in income of professionals, the study shows that two-thirds of all families in 1979 had a below-average monthly income, i.e. lower than DM 3 400. This figure rises with the number of children but declines in *per capita* terms. The *per capita* income of self-employed people with five children or more is on average higher than that of manual workers with no children. In addition, the study notes that in 1979 the disposable incomes of the self-employed were on average 2.6 times higher than those of manual workers (DM 7 667 a month as against DM 2 948), and that the average disposable monthly income of white-collar workers and civil servants was DM 3 412 against DM 2 150 for pensioners.

In the context of an infringement procedure instituted by the Commission for failure to apply fully Council Directive 75/117 on equal pay, a Law of 13 August 1980 introduced the principle of equal pay for men and women for equal work or work of an equal value into the Civil Code and amended the provisions on the burden of proof in favour of employees.¹

163. As regards asset formation, it is worth noting that by the end of 1980 about 94% of all workers were entitled to an asset-formation allowance under collective bargaining agreements in the context of the 'DM 624' law. Nearly half of all workers covered by collective agreements receive the whole amount (DM 624), 15% receive between DM 468 and DM 623 and 25% receive less than DM 312.

The opposition parties' (CDU/CSU) proposals for voluntary participation in firms' capital and profits² did not lead to a favourable parliamentary vote, the majority of Members—as well as the Government—reckoning that present budgetary commitments did not allow for asset-formation measures to be envisaged. It must be noted that asset-formation policy was not mentioned when the new Government formed after the autumn elections presented its programme to Parliament.

¹ Point 148.

² Social Report 1979, point 158.

France

164. The economic pressures resulting from the new oil price rises were to a large extent responsible for the prolongation in 1980 of the economic and social policy pursued by the French Government since 1976 with the aim of fighting inflation, ensuring a resumption in growth through adequate investments, maintaining the international competitiveness of the economy and monetary stability and curbing the rise in incomes. In this context, the aim of wages policy is still the strict maintenance of the purchasing power of gross average wages, but the Government drew up a number of measures providing for differentiated and selective increases in wages to benefit first and foremost the lowest paid employees and manual workers.

Thus, to take the public service as an example, all State employees received, under the agreement of 31 March, quarterly rises based on the increase in prices, while the lowest paid were granted fixed bonuses or allowances. The agreement provided for an increase of 1.75% in April and purchasing power will be maintained until 1 April 1981 by the following arrangements: upward adjustments will correspond to the rise in prices for the months for which figures are available plus 1%; from which any intervening wage increase will be deducted—the full price index adjustment being made at the end of the period. Similar principles were also applied in the private sector, where the increase in purchasing power was restricted to the lowest income groups either by uprating bonuses, or by introducing new bonuses or fixed cost of living payments.

Two important facts should be noted here. Firstly, following the Cabinet meeting of 12 March, the Government announced its intention to continue its efforts to upgrade manual work with the following aims: gradual improvement of manual workers' wage levels; introduction in each branch of guaranteed minimum incomes higher than the minimum wage (SMIC); improvement of career structures and regrading of pay scales. Secondly, a study-group set up by the National Commission on Collective Agreements began in September to examine the way in which the lowest incomes should be raised as a priority measure without disrupting the overall wage hierarchy.

The rise in the index of hourly wages of industrial workers—3.9%, 4.2% and 3.4% respectively in the first three quarters—points to a 15.7% annual rise, the highest since 1976. This increase needs to be considered in relation to the rise in consumer prices which, from a monthly rate of 1.9% at the beginning of the year, fell gradually to 0.9% in December—a 13.6% per annum price inflation which brings about an increase in the purchasing power of workers' hourly wages in 1980 equivalent to about 1.5%.

In accordance with the principle whereby the minimum wage (SMIC) is automatically increased when the official price index rises by more than 2% over its level on the date of the previous increase, the SMIC went up by 3.4% on 1 March, 2.2% on 1 May, 2.5% on 1 July, 2.1% on 1 September and 3.5% on 1 December. From a gross hourly rate of FF 12.93 at the beginning of the year, the minimum wage therefore went from FF 13.37 on 1 March to FF 13.66 on 1 May, FF 14.00 on 1 July and FF 14.29 on 1 September and FF 14.79 on 1 December, i.e. an increase of 14.4% per annum in the year to December 1980.

165. In the field of asset formation, the draft law providing for a distribution of shares to employees of industrial and commercial companies,¹ amended considerably by the National Assembly and the Senate, was adopted and promulgated on 24 October. Joint stock companies which have distributed at least two dividends in respect of two completed financial years during the previous five must decide whether or not to effect a free distribution of their shares to all employees with at least two years' service. The distribution entails an increase of up to 3% in existing share capital which confers entitlement to a State guarantee covering 65% of the value of the shares distributed up to a maximum of FF 5 000 per eligible employee. The shares will be distributed to employees on the basis of earnings, with no employee receiving more than three times the allocation of any other, and cannot be freely disposed of by holders until a period ranging from three to five years has elapsed.

A parliamentary proposal for a law on the 'Participation of workers in the capital, growth and management of undertakings' was finally withdrawn by its authors because of the amendments which were made and the difficulties which emerged during the parliamentary debates from April to June 1980.

It should also be noted that by 31 December 1979, 11 711 firms had set up profit-sharing schemes for their employees under the Order of 17 August 1967. The number of employees involved was 4 984 159. In the most recent year for which statistics are available (1977), the average payment per employee was FF 1 148, representing 2.83% of the wage bill as used in calculating the special profit-sharing reserve.

Ireland

166. The worsening of the economic situation in Ireland was the Government's main concern, as expressed in January 1980 in a White Paper entitled 'Investment

¹ Social Report 1979, point 160.

and National Development 1979-83'. This White Paper points out that although the fight against unemployment is of prime importance, it must nevertheless be accompanied by efforts to reduce inflation, which was running at an annual rate of around 15.5% at the beginning of 1980. In particular, the White Paper recommends those aspects of national economic policy which are an indispensable foundation for better prospects of growth: good industrial relations, wage claims which take account of economic realities and the acceptance of a fair system of taxation. However, the situation worsened as a result of increased indirect taxation introduced under the 1980 budget: additional taxes on petroleum products, tobacco and alcohol and an increase in VAT, which were to a large extent responsible for the 7.4% rise in the retail price index between February and May.

The 1979 Agreement on Pay Policy expired for some groups of workers on 30 June and for most others on 30 August; negotiations on a draft 1980-81 Agreement began in June.

The Agreement on Pay Policy 1980 was approved by the Irish Congress of Trade Unions on 23 October. Of 15 months duration, it includes an initial one month's pay pause after the expiry of the 1979 Agreement, and two phases of eight months and six months respectively, wages being increased as follows:

- (i) first phase: increase of 8% plus IRL 1 per week;
- (ii) second phase: increase of 7%.

The trade unions' demand for the renewal of the indexing clause of the second phase of the 1979 agreement was rejected by the employers, but a clause in the 1980 agreement lays down that 'in the event of the consumer price index increasing by more than 10% in the period May 1980 to February 1981 the Employer-Labour Conference will discuss the position and having regard to economic circumstances then prevailing will consider an upward adjustment in the amount of the second phase'.

With a view to a fairer system of direct taxation, the Government promised, among other things, that in the 1981 budget the special tax allowance on earned incomes introduced in the 1980 budget would be increased from IRL 400 to IRL 600.

Two further wages policy measures introduced in 1980 should also be mentioned. In May, the Minister for Health implemented the arbitration ruling in favour of nurses, who were awarded phased increases of up to 27%. In November, the Government decided that the increases proposed for certain higher civil servants would be paid with effect from July 1980.

Italy

167. The economic situation, which took a relatively satisfactory turn in 1979, deteriorated in 1980 and the growth of GDP by volume in 1980 will probably be only about 3.8%, against 5% in 1979. The continued high level of inflation, of which the principle causes are higher oil prices and the pressure of domestic demand, continues to be the main concern of the Government which in the first part of 1980 was looking for alternative solutions to those proposed by the previous Government in 1979.¹ On account of the political crisis in March, which brought a new Government to power in April, preparation of the programme was delayed. It was not until July that a series of priority economic measures to combat inflation, curb domestic demand, encourage investment and stimulate exports were formulated and implemented by two Decree-Laws published in the *Official Journal* on 3 and 9 July 1980. The main provisions were:

- (i) a reduction in the number of VAT rates (from 8 to 5) and an average 1.2% increase in the new rates;
- (ii) an increase in the portion of income tax payable in advance (85% instead of 75%) combined with an earlier due date;
- (iii) higher taxes on oil products and alcoholic beverages.

On 4 August the Government presented a draft law on a 'solidarity' fund to be set up for five years and funded by a compulsory 0.5% contribution from workers' monthly earnings. The fund would be used to prop up firms in difficulties. In return, wage-earners would receive certificates redeemable after five years on which interest is payable free of tax. The trade unions to be associated with the management of the fund agreed to its institution after the Government had dropped its proposals to alter the wage index-linking system, to which the trade-union movement clings tenaciously.

When the debate in the Chamber of Deputies on the incorporation into law of a single text merging the two Decree-Laws ended in a negative vote, the Government resigned and all the measures in effect were declared null and void on 1 October, the date of publication in the *Official Journal*. On his investiture on 22 October, the new Prime Minister announced that his overriding concern was to combat inflation by attacking it at source and to defend the Lira against devaluation. The new cabinet took over some of the austerity measures laid down in the lapsed decrees together with the proposal to set up a 'solidarity' fund, which had also failed to be adopted. In the meantime, a draft law to legalize the tax measures implemented in

¹ Social Report 1979, point 162.

the Decree-Laws issued between 3 July and 30 September was presented to the Lower House.

Wage increases for 1980 in the four main industrial sectors (metal-working, chemicals and clothing) had already been established by the collective agreements signed in 1979. In 1980, a number of agreements were concluded in the other branches, valid in principle for the next three years. From May 1980, the monthly earnings of 500 000 workers in the food industry went up by an average of LIT 30 000 and they received a fixed-sum payment of LIT 70 000 as an advance on the length of service increments. In the rubber and plastics sector 200 000 workers received an increase of LIT 36 000 from 1 July 1980, with additional increments payable from 1 June 1981 of between LIT 15 000 and 25 000 according to grade, plus a flat-rate increase of LIT 125 000 to be spread over a period of time. In addition, a number of plant-level agreements were concluded providing for variable monthly increases ranging from about LIT 40 000 to LIT 50 000.

In the public sector, an agreement was concluded on 13 May in respect of 650 000 workers in the hospital services who obtained monthly increases of LIT 60 000 to LIT 180 000 depending on grade. The agreement of 15 May concluded with the State railway employees provided for monthly increases averaging LIT 45 000 in 1979 and LIT 60 000 in 1980. Lastly, the agreement of 24 May provided for monthly increases averaging LIT 50 000 on 1 January 1980 rising to LIT 85 000 by February 1981 for the 650 000 local and regional government employees.

The substantial rise in consumer prices over the year (annual rate of 21.5% in September) was reflected in the quarterly adjustments in the cost-of-living supplements (*indennità di contingenza*) which were raised by 8 points in February, 12 points in May, 8 points in August and 10 points in November—a total rise of 38 points compared with 28 in 1979 and 20 in 1978.

168. With respect to asset formation, on 16 February 1980 Law No 25 of 15 February 1980 providing facilities to promote home ownership for families whose income does not allow them to become owner-occupiers without State aid, was published in the *Official Journal (Gazzetta Ufficiale)*.¹

Luxembourg

169. The worldwide recession had little impact on the Luxembourg economy in the first half of 1980 but the trend was less favourable towards the end of the year,

¹ Point 177.

notably on account of a sharp fall in orders for iron and steel, which is particularly important to the Luxembourg economy. However, despite some stagnation in industry, moderate growth in the tertiary sector and steady expansion in the building industry helped to ensure a GDP growth by a volume of about 0.5% as against 3.6% in 1979.

The increase in consumer prices, one of the lowest in the Community (6.3% in 1980 as against 4.5% in 1979), twice triggered the pay indexation mechanism in 1980. Thus, on 1 April and 1 September an adjustment of 2.5% was made to rates of pay under legal provisions, collective agreements or individual contracts of employment. Similarly, the minimum wage rate for adult unskilled workers, which was LFR 18 669 a month on 1 December 1979, went up to LFR 19 136 a month on 1 April and LFR 19 614 on 1 September 1980.

On 4 April 1980, following the intervention of the National Conciliation Office, a compromise was finally reached in the negotiations to renew the collective agreement for iron and steel industry workers, which had been deadlocked for a long time. For the years 1979 and 1980, this selective and retroactive increase resulted in an increase of 2.15% in the total wage bill and a lump sum of LFR 11 000 was paid for the period 1 January 1979 to 29 February 1980. In the course of the year other collective agreements were concluded, the pay rises being expressed either as percentages or in absolute terms. Thus, in the rubber industry—plastics processing—a works collective agreement covering both manual and non-manual workers was concluded for the period May 1980-April 1982; it provided for a pay rise of 2% per year plus an increase in overtime hourly rates of LFR 2.75% for one year in the case of workers in the lowest categories. In another firm in the same sector, non-manual workers were awarded a 3.4% rise while manual workers' pay was increased by LFR 7.20 per hour; in addition, holiday pay was increased from LFR 240 to LFR 480 per year of service.

A comparison of wage earnings in industry in the first 11 months of 1980 with those of the same period in 1979, shows an increase of 4.8% in the total wage bill (4.8% in the iron and steel industry and 4.7% in the other sectors)—a trend which, when set against the 3% reduction in manpower: 4.3% in the iron and steel industry and 1.5% in the other sectors, results in a *per capita* increase of around 8% of the wage bill in industry (9.7% in the iron and steel industry), representing an increase in real terms of 1.6% (3.2% in the iron and steel industry).

In the public sector, civil servants' pay was raised retroactively by 2.75% on 1 January 1980 and by a further 2% in 1 January 1981 under the Law of 7 February 1980.

The problem of reforming the consumer price index has not yet been solved, the oil crisis posing the difficult problem of weighting petroleum products.

Following the initiation of an infringement procedure by the Commission for the incomplete implementation of Council Directive 75/117 on equal pay, the Luxembourg Government has prepared a draft law to eliminate any discrimination between male and female workers in the public sector as regards the conditions for granting head-of-household allowances.

The Netherlands

170. Following the breakdown in the negotiations for a national agreement on pay and terms of employment, the Government introduced a wage freeze for a period of two months (later extended to three months) from 11 January, with the hope that during this period both sides of industry could be persuaded that an austerity policy was needed to cope with the deterioration in the national economy (forecasts of nearly zero GDP growth, worsening inflation, higher unemployment and larger budget and balance-of-payments deficits). The only derogation from the two months' wage freeze was the payment at the beginning of the year of cost of living compensation for the period April to October 1979 (2.54%). Since no agreement could be reached on a tripartite plan, the Parliament passed an amendment on 6 March to the existing law on income formation. The amendment, valid until the end of 1981, vests competence for regulating wage formation and working conditions for all workers during a specific period onto the Minister for Social Affairs. Thereafter, under a decree based on this amendment and promulgated on 2 April, pay and other cash employment benefits were frozen until the end of 1980 at their 1 April level.

The second indexed-linked compensation was replaced by a fixed-sum payment of HFL 26 (gross) per month and all adult workers were granted a tax rebate of HFL 100. However, undertakings are authorized to allocate 0.25% of their total wage bill to pay increases for heavy, dirty or onerous jobs, while adult workers with an annual income of less than HFL 30 000 were granted a special tax rebate of HFL 36. These measures are designed to maintain the purchasing power of the lowest income groups and to lower the average wage by 0.5 to 1% (a salary of twice the average would be reduced by between 2% and 2.5%). In the public and semi-public sectors (including civil servants in the strict sense), pay was not only affected by the measures contained in the above decree but also reduced by between 0.3% and 0.7% according to level under the medium-term austerity programme.

The deterioration in the economic situation during the year has made it apparent that the Government's objective of maintaining the levels of the lowest incomes in

real terms will not be attained in 1980. It is even thought that the purchasing power of incomes in this group will fall by approximately 1% this year, while the average income will lose between 1% and 1.5% ; incomes of four times the average will lose between 2.5% and 3% of purchasing power. With the support of Parliament, the Government has promised to bring the salaries of certain senior civil servants into line with those of certain Ministers, which are lower. As part of this policy, the Government will decide when and how professional income ought to be brought into line with those of holders of comparable positions in the public sector.

The minimum statutory wage was, as every year, adjusted twice in 1980. On 1 January it was raised from HFL 1 790.10 per month to HFL 1 826.50, representing an increase of 2.03%. The 2% increase on 1 July, raising it to HFL 1 862.90, was 0.9% lower than would have been triggered by the normal adjustment mechanism but the Government decided to pay a flat-rate bonus of HFL 45.50 in December.

It should also be noted that the Minister of Social Affairs asked the opinion of the Social and Economic Council on a proposal to change the percentage applied to the minimum adult wage when calculating the minimum wage for young people. At present, this stands at -7.5% per year for workers under 23 but the Minister is contemplating increasing it to -10%.

Following the two infringement procedures initiated by the Commission as a result of the incomplete implementation of Council Directives 75/117 on equal pay and 76/207 on equal treatment, a Law of 2 July 1980 on equal pay for men and women in the public services was introduced to bring Dutch legislation into line with the two Community Directives as regards employees in this sector.

171. In the field of asset formation, the Government's proposals, set out in April in a letter to the Second Chamber, were embodied in an amendment presented in October. The two 1978 draft laws¹ were merged thus into a single text with the following principal features:

- (i) the scheme now applies to all registered companies with annual taxable profits of more than HFL 125 000 (instead of HFL 100 000) arising in The Netherlands;
- (ii) workers' individual participation in the capital growth of their undertaking will take the form of shares or other certificates unless the works council wishes cash payments to be made. In either case these assets will be frozen for a period of seven years;

¹ Social Report 1978, Point 168.

- (iii) similarly, transfers to the central ('collective') fund are no longer made in cash as laid down previously, but in shares or other certificates unless the management of the fund requests payment in cash;
- (iv) all payments, whether made under the 'individual' or 'collective' facets of the scheme, may now be deducted from the undertaking's taxable income;
- (v) total payments under both the 'individual' and 'collective' facets of the scheme are limited to 3% of the company's profits with a ceiling (in 1980) of HFL 1 847 *per capita*. All amounts exceeding the ceiling are credited to the fund (and no longer to the undertaking);
- (vi) the central fund's assets will no longer be used to supplement pensions and finance early retirement schemes; instead, all Dutch workers will receive 'participation' certificates in the fund which can be drawn on after 10 years;
- (vii) if the law is published in the *Official Journal* before 1 April 1981, it will take effect as from 1 January 1980 but, if published later (but before April 1982), its date of effect will be 1 January 1981.

The Government considers that the two forms of participation will involve an amount of HFL 300-320 million (HFL 240-270 million of which will be credited to the central fund) in the first year of operation.

The proposal was badly received by both employers and labour since the employer's organizations saw no reason to discuss the matter in the present economic climate while the trade-union organization, FNV, was strongly opposed to the provision whereby undertakings would be able to deduct payments from their taxable income.

United Kingdom

172. The economic and social policy announced by the Government elected in May 1979 was later confirmed in the Chancellor of the Exchequer's budget speech in March 1980. The fight against inflation continues to be the Government's first priority and, with this in mind, the Chancellor reiterated his aim of halving the annual rate of growth of the money supply, then around 13%, in four years and of cutting public expenditure by 1% per annum. In fact, a feature of the economic situation in the United Kingdom in 1980 has been a decline of some 3% in the gross domestic product in real terms in the wake of the quasi-stagnation in 1979.

As regards pay policy, the principle of free bargaining on pay was upheld in 1980. The Government's only intervention in the public sector, where it is the employer,

was concerned with finding ways of making public sector pay bargaining more flexible and more responsive to performance and labour market variations. In the private sector the Government had advised employers and trade unions to concentrate on negotiating settlements suiting the economic circumstances of their firms and industries where appropriate, taking into account such factors as productivity and profitability. In the event, no 'going rate' of pay increase emerged in the private sector and it can be said that whereas pay increases in this sector during the first half of the year were significant in nominal terms, there has since been a marked drop which, in any case, is less significant than the drop in price inflation.

As is the case of the private sector, the Government wanted pay bargaining in nationalized industries to take account of what the undertakings can really afford and in central and local government pay to be within the limits of what the taxpayer could be asked to meet. In the public services, the Government set strict cash limits which were adhered to. In addition, the Standing Commission on Pay Comparability, set up by the previous Government, recommended supplementary increases for a large number of public service groups. The 'catching up' increases have now largely been implemented, and the upsurge in public service earnings that arose from such increases in 1979/80 is not expected to continue into 1981. The Government has announced that the Standing Commission will be wound up when work on its current reference has been completed.

The Department of Employment estimates that earnings rose at a rate of about 19% in the year to November 1980. This rate of increase is likely to fall further by the end of the year in view of the low settlements reached in December. On the other hand, the upswing in the retail price index, unrelenting since the beginning of the year—at an annual rate of 18.4% in January and 21.9% in May—has since steadied and is, as expected falling off (15.3% in November). At that time, earnings consequently outpaced price inflation by about 3%.

173. As regards asset formation, mention should be made of the measures introduced in April following the undertakings given by the Chancellor of the Exchequer in his budget speech in March. Employees are eligible to receive bonuses in the form of shares in the firm for which they work up to the equivalent of UKL 1 000 a year. These bonuses benefit from preferential treatment for income tax purposes; while the shares are held, tax liability declines progressively with total exemption from the seventh year after acquisition. In addition, the Government proposed bringing in draft legislation to enable employees to acquire options to buy shares in their company without incurring liability to income tax.

Chapter VI

Housing

Trends within the Community

175. The deterioration in the economic situation has inevitably had an unfavourable impact on the building trade—to the extent, indeed, that a crisis is looming in that industry in some countries. The only section of the building industry as yet relatively unaffected is the one concerned with the construction of non-residential buildings where activity in 1980 has been at roughly the same level as in 1979.

The house-building section of the industry, on the other hand, is the one for which most concern is expressed, the main reason for the decline in activity here being, doubtless, the deterrent effect exercised by the almost prohibitively high rates of interest on loans.

Where energy saving is concerned, a *status quo* seems to have been reached. Private individuals are undoubtedly doing their best to limit their consumption by improving the insulation of their homes; but although a wide range of information and publicity material is available on the subject, high interest rates are acting to some extent as a brake here too.

176. The deterrent effect of high interest rates is evident, not only in the private sector, but often also in the social sector. The Commission which for some years now has subsidized pilot projects in the field of housing for physically and mentally handicapped people and for migrant workers, has this year decided in view of the high interest rates prevailing on the market, to offer subsidies to the physically handicapped in the form of low-interest loans. The aim here is to help this disadvantaged group to bring to fruition projects which otherwise might have to be scrapped. During the year under review the Commission also adopted and began to implement the ninth housing aid scheme for workers in the ECSC industries.¹

¹ Point 36.

Development of the situation in the member countries

177. In Belgium, the Government responded favourably to the industry's call for vigorous measures designed to promote house-building. Besides measures already introduced such as the preferential premium arrangements for the construction, modernization or purchase of dwellings in the Flemish region and certain other measures yet to be adopted with a view to encouraging house-building in the long term, the Government chose to use temporary tax reductions, as a means to lowering building costs, thereby indirectly counterbalancing part of the effect of high interest rates.

To this end, the Government regulations provide for a two-thirds refund of VAT paid when building for owner occupation or when modernizing existing dwellings. These arrangements will apply from 15 October 1980 up to the end of 1981.

In Denmark, the new legislation on housing mentioned in last year's Report entered into force on 1 January 1980. In addition to a modest increase in the rateable values of one-family houses and owner-occupied flats, the new laws introduced amendments to the law on medium-term aid from public funds for housing projects meeting social needs, simplified the tenancy laws and the rules governing rent rebates and provided for the phasing out of preferential interest rates.

In the Federal Republic of Germany, the first half of 1980 saw increasing evidence of a downturn in the building industry—a development of which there had been some intimation during the latter part of 1979. The level of building activity remained high for the first three months of 1980 but slackened towards the middle of the year. By June, the level of activity had fallen significantly below that of the previous year.

The figures for the first half of the year show demand in the building industry to have been approximately 6% lower in real terms than during the corresponding period in 1979. The house-building sector was particularly hard hit with a fall in demand of around 12%.

In France, activity in the new building sector has been falling for the last five years. The economic situation is, however, far from being the sole cause of this trend. Changing needs are also an important factor. The emphasis has now shifted from quantity to quality, with the result that the improvement of old housing and measures to assist individuals investing in energy-saving devices in the home have become important elements of official housing policy. The Government kept a close watch on developments in the industry during the period under review and took appropriate measures to sustain building activity.

In Ireland, the Government was faced with an acute recession in house-building during the course of the year. Apart from the generally unfavourable economic climate, house-building was also affected by a shortage of public funds coinciding with a shortage of building society loans due to delay in raising interest rates in line with market trends. The principal measures taken to deal with these problems consisted in additional allocations of IRL12 million to local authorities to finance housing loans and housing construction by the authorities and in the granting of a temporary subsidy by the Government to enable the building societies to maintain interest rates on loans at 14.15%. This subsidy was subsequently withdrawn. Income limits for local authority loans and maximum amounts of low-rise mortgage loans were raised substantially.

In Italy, there was no evidence of easing of the crisis which has beset the building industry for some years. The main reasons why construction of dwellings fails to meet demand are still in evidence, namely shortage of building land, high cost of concessions, increasing of building costs, and scarcity of home loans, etc.

The enactment of Law No 25 of 15 February 1980 is, however, an important legislative development which is worthy of note here. It had originally been intended simply to lay down rules concerning the deferment of eviction, but the addition of a whole range of provisions transformed the new law into a major piece of legislation aimed at solving the most urgent housing problems, especially in the major cities.

In Luxembourg, as a further step in the policy of fostering the construction of low-cost housing, a Grand Ducal Order was promulgated establishing a programme for the construction of 11 housing estates in 1979/80 and setting out arrangements for State financial aid.

In contrast to the situation in the other Member States, building activity increased in Luxembourg during the period under review, largely thanks to the buoyancy of demand in both the public and private sectors. Activity in the field of civil-engineering works ran at a high level but showed no signs of increasing further.

In The Netherlands, the emphasis in house-building policy was shifted to some extent in favour of the construction of dwellings for rent rather than for owner occupation. This change of direction was encouraged by the poor economic outlook and the growing threat of a relative (or possibly even absolute) fall in incomes, coupled with high interest rates on mortgages. The number of new dwellings not yet sold in autumn 1980 was estimated at around 15 000, representing a total investment of approximately HFL 3 000 million. This understandably led to a sharp fall in the number of new dwellings for owner occupation started during the year under review. It is no surprise therefore to note

that the number of unemployed building workers should have doubled as compared with 1979 (June 1980: 22 823; June 1979: 10 603).

In the United Kingdom, public-sector housing was seriously affected by local authority cutbacks imposed as a result of Government policy, with no upturn in private sector demand to restore a reasonable level of activity. In October, the Government, faced with indications of substantial over-spending on the Housing Investment Programme for 1980/81, placed a moratorium on any further capital commitments, withdrawing all approvals except where contracts had been entered into, pending a review of the scope for additional commitments, if any, in the light of updated assessments from local authorities.

The Housing Act 1980, which received the Royal Assent on 8 August, reflected a number of significant changes in Government policy. The Act gave security of tenure to Council tenants with provision, on death, for one succession within the family. Council tenants were also given the right, as distinct from the facility, to buy the houses they occupy and also the right to receive a mortgage. Provision was made for the introduction of a new system of housing subsidies for local authorities and new town corporations to replace the interim system under the Housing Rent and Subsidies Act 1975.

Housing requirements, building programmes, dwellings completed¹

178. With the situation as outlined in point 175, it comes as no surprise that there should have been a sharp decline in the number of dwellings completed. A similar picture emerges in relation to the number of subsidized dwellings, reflecting recent constraints on public spending. The figures admittedly relate to 1979, but such information as has hitherto become available for 1980 shows no evidence of any improvement.

Building costs

179. After rising steeply during 1979 and the first half of 1980, and thus pushing building costs up, the wholesale prices of building materials levelled off in the third quarter, perhaps as a result of the slackening in building activity. As in the previous two years, the rise in wage costs was relatively moderate.

¹ Table 5 on pages 126 and 127.

It is impossible to determine cost trends in relation to the renovation of dwellings with any degree of precision. Some indication of the average cost of renovation work in absolute terms has, however, been furnished by recently published figures according to which the cost of the average conversion is roughly a third of that of a new dwelling.

Precise figures on differences in the cost trends for traditional and industrialized building methods are not available.

Rents

180. In Belgium, the rise in the official monthly index for 'rent and housing' as included in the index of consumer prices was significantly higher than the rise in the general index. This trend was particularly marked in relation to the figures for total housing costs, which were strongly influenced by the increase in the cost of oil-fired heating.

Though the index figures for rents rose faster than the general consumer price index, it should be borne in mind that rents for living accommodation remained subject to the statutory controls which had already been in force for a number of years.¹

New rules regulating rents in the public sector, which had been promised for some years, were finally introduced with effect from 1 July 1980. The new system is intended on the one hand to ensure that rent levels reflect a greater degree of social justice and on the other to improve the financial situation of public-sector housing promoters.

In Denmark, rents rose by an average of 7.7% between 1 January 1979 and 1 January 1980, which represents a similar rate of increase to that recorded in the previous year.

In the Federal Republic of Germany, the pace of rent increases had begun to pick up during the second half of 1979, and this trend continued during the year under review. The figures for the first seven months of 1980 showed an increase of 5.2% over the same period last year. Rents did, however, rise at a slower rate than the cost of living (+5.7%). The steepest rise—6.4%—was recorded in the subsidized sector. Aside from higher running costs, the decisive factors here were probably the increases in capital costs and in the flat-rate charges for maintenance and

¹ Social Report 1979, point 174.

TABLE 5
Completed housing and proportion of subsidized dwellings¹

Country	Dwellings completed	1975	1976	1977	1978	1979 ²
Belgium ³	Total number of dwellings	78 547	76 907	73 160	66 532	69 204
	Number per 1 000 inhabitants	8.0	7.8	7.4	6.8	7.0
	Number of subsidized dwellings	31 077	31 553	30 446	33 790	32 734
	% of total	39.6	41.0	41.6	50.8	47.3
Denmark	Total number of dwellings	35 510	39 218	36 276	34 218	31 064
	Number per 1 000 inhabitants	7.0	7.7	7.7	6.7	6.1
	Number of subsidized dwellings	8 519	8 922	6 374	5 501	4 844
	% of total	24.0	22.7	17.6	16.1	15.6
FR of Germany	Total number of dwellings	435 910	392 380	409 012	368 145	358 000
	Number per 1 000 inhabitants	7.1	6.4	6.7	6.0	5.8
	Number of subsidized dwellings	126 700	132 100	129 600	90 225	108 800
	% of total	29.1	33.7	34.1	24.5	30.4
France	Total number of dwellings	514 300	449 000	450 900	440 100	403 600
	Number per 1 000 inhabitants	9.8	8.5	8.4	8.2	7.5
	Number of subsidized dwellings	355 600	316 000	267 000	254 000	211 300
	% of total	69.1	70.4	59.0	57.7	52.4
Ireland	Total number of dwellings	26 890	24 000	24 548	25 444	26 544
	Number per 1 000 inhabitants	8.6	7.6	7.7	7.6	7.9
	Number of subsidized dwellings	25 840	21 053	15 748	19 221	18 317
	% of total	96.1	87.7	64.2	75.6	69.0
Italy	Total number of dwellings	219 647	184 276	149 283	177 320	148 600
	Number per 1 000 inhabitants	3.9	3.3	2.6	3.1	2.6
	Number of subsidized dwellings	24 000	44 000	52 000	48 000	43 300
	% of total	10.9	23.9	34.8	27.1	29.1

Luxembourg	Total number of dwellings	3 330	3 380	2 840	2 530	2 070
	Number per 1 000 inhabitants	9.2	9.2	8.0	7.1	5.7
	Number of subsidized dwellings	1 185	1 140	953	864	769
	% of total	35.6	33.7	33.2	34.2	37.1
The Netherlands	Total number of dwellings	120 770	106 813	111 047	105 825	87 522
	Number per 1 000 inhabitants	8.9	7.6	8.0	7.6	6.2
	Number of subsidized dwellings	98 490	85 915	83 999	75 269	58 616
	% of total	81.5	80.4	75.6	71.1	67.0
United Kingdom	Total number of dwellings	321 900	324 800	313 500	288 100	22 900
	Number per 1 000 inhabitants	5.8	5.8	5.6	5.2	4.3
	Number of subsidized dwellings	171 000	172 400	172 800	139 100	107 300
	% of total	53.2	53.1	55.1	48.3	44.2
Community	Total number of dwellings	1 756 804	1 600 774	1 570 566	1 508 214	1 369 504
	Number per 1 000 inhabitants	6.8	6.2	6.1	5.8	5.3
	Number of subsidized dwellings	842 411	811 981	768 920	655 972	585 980
	% of total	48.0	50.7	49.0	43.5	42.8

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.

administration. Rent levels rose by 5.6% in the case of older buildings and 4.3% in the case of new privately financed dwellings.

In France, rents followed the same trend overall as the cost of living. There were, however, three distinct patterns of development.

- (i) In the case of dwellings completed before 1 September 1948, which are subject to statutory rent controls, a Decree of 23 June 1980 authorized increases with effect from 1 July. It should, however, be noted that no increase was permitted for housing at the bottom end of the range, whereas increases of between 11% and 13% were authorized for the higher categories.
- (ii) Rents for HLM¹ accommodation were increased in July by varying degrees by the owner-bodies, the maximum increase being 10%.
- (iii) Restrictions had ceased to apply in the remainder of the rented sector on 1 July 1979. Fears that this would lead to sharp increases have, however, hitherto proved unfounded. Increases have in general been relatively reasonable, indicating that a degree of restraint has been exercised in line with the undertakings given on 1 July 1979 by the major organizations representing landlords.

In Ireland, certain changes have been made in the differential rents scheme, which applies to 87% of local authority tenancies. These include the raising of assessable income thresholds, the inclusion of various social assistance payments in the calculation and the reduction of maximum rents, which are now related to the cost of construction updated to take account of price changes rather than the annual cost of maintaining a dwelling. The net effect is to reduce the relative advantages enjoyed by tenants on lower incomes. The principle of controlled rents in the private sector was challenged in a decision of the High Court, which found the relevant provisions of the Rent Restrictions Act to be unconstitutional on the ground of depriving one group of citizens arbitrarily of property for the benefit of another. The decision is at present under appeal to the Supreme Court.

In Italy, Law No 392/78 on the *equo canone* (fair rents) put an end to the free negotiation of rents, introducing a system whereby rents are calculated on the basis of specified parameters and adjusted annually at a rate equal to 75% of the change in the ISTAT cost-of-living index.

As a consequence, rent levels are falling in real terms, a trend accentuated by the present pace of inflation.

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

In Luxembourg, no new measures were adopted during the year under review.

In the Netherlands, rents for subsidized housing were raised by 6% with effect from 1 July. Similar increases were also authorized for other types of rented housing—with variations above and below the standard level depending on the quality of the dwelling. It should also be noted that the annual rent increases have been insufficient over the past few years to keep pace with the growth of building costs.

In the United Kingdom, the Housing Act 1980 amended the Rent Act 1977 to provide for review of rents every two rather than every three years. The level of local authority rents increased by about 10% between 1978/79 and 1979/80. The Act of 1980 also provided for 'shorthold' tenancies at fair rents of one to five years' duration, with a right of repossession by landlords and the creation of 'assured' tenancies outside the protection of the Rent Acts as part of a policy of encouraging the private rented sector to make more housing available.

Reconstruction and modernization

181. In Belgium, relatively few dwellings were demolished during the period under review and demolition continues to play no more than a minor role within the context of housing policy.

The redevelopment of urban areas and the renovation of housing which is unfit for habitation but capable of improvement have become increasingly important in recent years.

In Denmark, 1980 saw a substantial increase in the public funds set aside for renovation 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.

The total set aside for the 1980 calendar year amounted to DKR 346 million.

In the Federal Republic of Germany, a joint Federal/*Land* programme of aid for the modernization of dwellings has been in operation since 1974 with the aim of improving the supply of good, inexpensive accommodation and thus helping to keep towns and other communities intact. The funds set aside for this programme in 1980 amounted to DM 370 million for subsidies and DM 108 million for low-interest loans, the whole enabling financing assistance to be granted towards the modernization of some 80 000 dwellings. The projects involved relate most frequently to the installation of central heating or the improvement of sanitary facilities, electricity, gas or water installations.

In France, one of the points which has emerged from preparatory work for the VIIIth Plan is the need for a major effort to eliminate substandard housing and revive the centres and old quarters of towns and cities. In the past, efforts to eliminate substandard housing primarily took the form of *démolition* followed by redevelopment.

In 1980 it became necessary to shift the emphasis from demolition to the renovation of the existing dwellings.

A special aid scheme has now been devised with a view to covering the very substantial cost of such renovation work, which often exceeds the scope of existing general financing arrangements. The new scheme is open to both owner-occupiers and public and private sector landlords.

In Ireland, house improvement grants and special grants to reduce dependence on oil were abolished as from 21 January 1980. Water and sewerage grants were also curtailed in 1980. The scheme of local authority loans for house improvements was, however, made more advantageous. The maximum amounts available under this scheme, which is now confined to those with annual incomes of less than IRL 5 500, were increased to IRL 4 000 for secured, and IRL 1 000 for unsecured loans. The flood of last minute applications for grants under the old schemes led to an increase in the volume of projects assisted in the first half of 1980—26 270, or about 40% more than in the first half of 1979.

In Italy, no new provisions worthy of note were introduced during the period under review. Plans for the renovation of older buildings are in the process of being drawn up in a number of towns and cities.

In Luxembourg, discussions are currently being held in several parts of the country with a view to drafting plans for the renovation of the old quarters of towns, a goal accorded priority under new legislative provisions.

In The Netherlands, the rules concerning home improvement subsidies were amended with effect from 1 January. Whereas eligibility was previously dependent on the cost of improvement work amounting to at least HFL 10 000, the main condition now is that the dwelling concerned should meet certain criteria as regards fitness for habitation. In addition, the period within which the improvement work must be completed has been extended from two to three years.

In the United Kingdom, eligible expenses limits for standard amenities grants were raised and local authority expenditure limits on expenditure on environmental works in improvement areas were raised very substantially. The Housing Act 1980 included measures allowing variation in amounts granted to take account of priority needs and cost differences, making grants for major repairs for older

houses more widely available and relaxing some central governmental controls on improvement area declarations.

Town and country planning

182. In Belgium, the regional development plans which constitute the main instrument of the Town and Country Planning Law of 29 March 1962 are now fully operational for the Flemish region and Brussels. In the Walloon region, the planning process is still in full swing and 1980 saw the following areas added to the list of those for which plans have been approved: Hohes Venn-Eifel, Charleroi, Malmédy-St. Vith, Thuin-Chimay.

Pursuant to the Law of 28 June 1978, which requires local authorities to compile an inventory of undeveloped building land, an implementing decree was promulgated for the Flemish region on 8 January 1980 with a view to enabling the authorities to obtain a clear picture of the real situation as a basis for planning.

In Denmark, the year under review saw considerable effort devoted on the one hand to the preparation of regional and municipal plans and on the other to obtaining the views of the population in connection with development plans.

In the Federal Republic of Germany, 617 slum-clearance and urban-development schemes in 483 municipalities were accorded financial support amounting to DM 250 million under the law on the promotion of urban development.

The Federal Government contributes only a third of the cost of such schemes, the remaining two-thirds being paid by the *Land* and municipal authorities. The implementation of urban development programmes is exclusively a *Land* responsibility.

In France, land development policy is based on the Law of 31 December 1975, which aimed to ensure an enlightened approach to town and country planning combining rational infrastructure utilization and maximum scope for house building with the preservation of the environment and agricultural land.

The rising price of land on the outskirts of conurbations in more than 30% of all *départements* has, however, made it more difficult to attain these objectives. The Cabinet therefore adopted new guidelines in February, deciding that action should be taken to:

- (i) tighten up control over urban development by improving town planning projects and gaining a clearer understanding of the property market;

- (ii) foster nucleated settlement patterns with the assistance of the municipalities, thus making better use of the available land and preventing dispersion;
- (iii) increase the amount of land available for building in appropriate areas;
- (iv) ensure a more regular supply of land to the market, compile an inventory of building land and promote operations leading to the development of such land.

In Ireland, there have been no significant changes in planning legislation or policy.

In Luxembourg, no new measures were introduced in connection with town and country planning during 1980.

In the Netherlands, the prime concern of urban development policy is to prevent the towns from sprawling indiscriminately over the whole countryside. The strategy is to prevent the disappearance of the remaining open spaces by means of State financial incentives intended to channel development towards designated growth centres.

In the United Kingdom, the Government has called for less cautious and restrictive attitudes by planning authorities in granting planning permission and an acceleration of planning procedures and suggested the introduction of administrative charges. These suggestions have been strongly opposed by the Royal Town and Country Planning Association and the Town and Country Planning Institute. In the Finance Act 1980, entrepreneurs disposing of interests in land in the newly designated 'enterprise zones' were exempted from development land tax.

Chapter VII

Family affairs

Trends within the Community

184. The situation of families in 1980 must be viewed within the context of increased unemployment, rising inflation and a downward trend in public expenditure—all of which are factors which affect living standards.

However, certain Member States have increased family allowances significantly, and in some of them the intention to favour a rise in the birth-rate is evident—one such example being the additional allowances granted in France for the third and each subsequent child.

185. It is worth noting that measures designed to promote equality for men and women in working life, which were undoubtedly accelerated by the three Council Directives in this field, were accompanied by reforms with a similar objective in the fields of civil law and taxation. For instance, a draft law was tabled this year in the Netherlands with a view to promoting equality within the marriage bond for men and women, and in both the Netherlands and Denmark steps are being taken so that husbands and wives have an equal say in the choice of surnames. Separate taxation for spouses was introduced in Ireland and Belgium and the Dutch authorities are considering measures designed to bring about equal treatment in tax matters for married couples when both spouses are working.

186. Solutions to the acute problem of the recovery of maintenance payments in the event of default on the part of the debtor are beginning to emerge. Following the Law adopted in 1979 in the Federal Republic of Germany, Luxembourg adopted a similar Law in 1980 enabling a public body to advance maintenance payments and to take steps to recover them. France is introducing a system whereby maintenance allowances for children are advanced by the family allowances funds up to a ceiling corresponding to the amount of the allowance granted to orphans.

Development of the situation in the member countries

Belgium

187. The enacting of legislation to cover the payment of an additional month's family allowance at the beginning of the school year which had become standard practice for some years, was welcomed by the Belgian family organizations—they, however, deplored the decision to transfer BFR 2 140 million from the family allowances funds to the sickness insurance funds. A paper dealing with the future of family benefits was prepared by the Family Association (*Ligue des familles*) and submitted in July to the Government, to members of Parliament and to the representatives of both sides of industry.

In income-tax matters, the Finance Law of 8 August 1980 provided for the phasing out of the aggregation for tax purposes of the earned incomes of spouses, separate assessment for married couples where only one of the spouses is in receipt of earned income and adjustments of tax allowances for dependants. The first two measures will be applied in 1980 up to a ceiling of BFR 600 000.

An inter-ministerial committee for the status of women was set up. It has been given a coordinating role and will be asked to formulate opinions.

In the field of sickness-invalidity insurance, Royal decrees made for greater equality between men and women by redefining the concepts of 'employee with dependants', and 'dependants'. A man who stays at home to tend to the household will now be able to take advantage of sickness insurance rights deriving from his wife's employment.

In July 1979, responsibility for home help services for families and the elderly was transferred from the regions to the Dutch-speaking and French-speaking communities. In respect of the Dutch-speaking community, the existing rules on these services were amended by Royal Decrees of 21 December 1979. In that year there were 200 such services throughout the country employing 11 723 persons and receiving more than BFR 2 760 million in subsidies.

Denmark

188. New rules on maternity leave were introduced by a Law of 4 June 1980 extending the period for which mothers are entitled to a daily maternity allowance¹ from 14 to 18 weeks. The self-employed and family workers have now been put on the same footing as employees as regards maternity leave. Another Law adopted at the same time entitles the mother to 18 weeks' special leave and makes it illegal for an employer to dismiss a woman simply because she has become pregnant. These reforms go only part of the way to meeting the demands of *inter alia* the relevant Joint Committee,² which included the introduction of optional parental leave during the first year of the child's life. The Minister for Social Affairs made it clear that these laws were only the first stage of a more wide-ranging series of reforms.

A Law of 6 May 1980 concerns the recognition of decisions by the courts in the Nordic countries relating to paternity and amends the Law on the recognition and execution of decisions taken in these countries with regard to claims under private law. The main purpose of this legislation was to formalize existing practice.

On 16 December 1980 the Government tabled a draft law on family names which will provide for equal treatment for men and women and for legitimate and illegitimate children. In January 1981 the 'Marriage commission' set up in 1969 presented its eighth report. It deals with cohabitation and sets out the commission's conclusions on the rules affecting unmarried couples as regards the parents' authority over their children, the right to rent accommodation, financial problems if the couple should cease living together and problems relating to death duties.

According to the annual statistics on social facilities, the number of places available in day centres for the care and education of young children in January 1980 was as follows: 19 000 in day nurseries; 61 000 in approved child-minding services, 105 000 in nursery schools, 22 000 in integrated establishments for children of all ages and 33 000 in play centres catering for children out of school hours. In 1979 35 300 home helps were available, corresponding to 20 000 full-time workers.

In 1980, four reports by sub-committees of the Child Welfare Commission set up by the Government in 1975 were published; one deals with the influence of housing and the environment on the development of young children, the second with nursery schools and day nurseries, the third with health measures for pregnant women and young children and with maternity leave, while the fourth is devoted to

¹ Point 213.

² Social Report 1978, point 185.

family policy. The Child Welfare Commission will present an overall report in 1981.

Federal Republic of Germany

189. There is growing awareness in the Federal Republic of Germany over the fact that one of the major objectives of social policy ought to be the creation of an environment more favourable both to the family and to the child. Against the background of a declining population, the inter-ministerial working party on demographic questions has drawn up a report which was presented to Parliament (*Bundestag*).

A decision was taken to raise family allowances for the second and each subsequent child.¹ The family organizations expressed disappointment that the allowance granted for the first child had not been raised since 1975; they joined with the German Trade Union Federation (DGB) in demanding an automatic adjustment of family allowances in line with the cost of living.

Assistance to families with two or more children was improved by the recent Law amending the provisions relating to housing allowances; however, according to the 1979 report, large families in particular are still not properly housed and more than one-fifth of the recipients of this allowance live in dwellings which are at least 25% too small.

The tax-free amount for a single person with a dependent child will be increased in 1981 (from DM 3 000) to DM 4 212. From 1980 onwards parents may deduct the cost of day care for their children (in day nurseries and nursery schools in particular) from their taxable income up to an annual maximum of DM 600 or DM 1 200 depending on whether the income of a single parent or that of a married couple is involved.

The Federal Ministry for Youth, Family Affairs and Health is giving particular attention to assisting parents in assuming their educational responsibilities towards their children. For instance, special 'letters to parents' have been distributed free of charge to parents of children under 8 (some 3 million were sent in 1979). A determined effort is also being made to provide better education for socially disadvantaged children by supporting pilot schemes and research projects. Public funds have been allocated since 1979 to a pilot scheme entitled 'Aid to children in need' under which children's communities were set up in Berlin and Gütersloh to protect and care for children who had been or were at risk of being ill-treated by their parents. At the same time, the family education and advisory services were assigned the task of educating these parents.

¹ Point 214.

In January 1980, the Federal Government presented the report by the committee which had been set the task of examining the lessons to be drawn from the application of the amended version of Article 218 of the penal code under which termination of pregnancy is no longer an offence in certain cases. Fears that this would lead to a sharp increase in the number of abortions proved to be unfounded. More than two-thirds of the population feel that the present regulations should not be tightened.

In the wake of the reappraisal of the roles of men and women in the context of the 1977 reform of legislation relating to marriage and the family, a law redefining relations between parents and their children entered into force in 1980.¹

The commission of enquiry set up by the Bundestag in 1979 to look into the status of women in society presented its final report. It contains proposals on equality for men and women as regards preparation for family and working life.

A fifth report on young people drawn up by an independent committee of experts was presented to Parliament together with the opinion of the Federal Government, and was discussed by the Bundestag in May 1980. It gives an overview of aid to young people and contains recommendations as to how such aid might be extended. Public funds amounting to DM 4 400 million were earmarked for this purpose in 1978 and nearly one-third of this amount was allocated to day-care establishments for children such as day nurseries, nursery schools and play centres.

The draft law reforming legislation on aid to young people was adopted by the Bundestag in May but rejected by the Bundesrat (Upper House).

France

190. Family allowances were increased² and a number of the measures announced by the Government during a debate on family policy in Parliament in November 1979 were implemented in 1980. A Law of 17 July 1980 provides for an improvement in the lot of families with three or more children. These measures include:

- (i) extension of maternity leave from 16 to 26 weeks for the third and each subsequent child (8 weeks before and 18 weeks after confinement);
- (ii) increase in the post-natal allowance for the third and each subsequent child, which brings the aggregate of allowances paid before and after the birth to about FF 10 000 (these allowances are paid only if the necessary medical examinations are carried out at the proper time);

¹ Social Report 1979, point 182.

² Point 215.

(iii) introduction, from 1 January 1981, of a minimum family income' for families or single persons with three or more dependent children whose income equals or exceeds a minimum level fixed by decree (equivalent to the SMIC). The allowance paid will correspond to the difference between the family's income and the 'minimum family income' fixed at FF 4 200 per month for families with three children (this amount will be increased by FF 500 for each subsequent child).

The National Union of Family Associations (UNAF) supports the idea of a minimum family income but is opposed to the provisions of this Law as only families with earnings above a certain minimum level will be eligible for this differential allowance, while those with lower incomes will receive only a modest flat-rate allowance.

A Law of 17 July 1980 introduced a widowhood insurance scheme which guarantees the surviving spouse of an insured person who has, or has had, to care for at least one dependent child a minimum income for a maximum of three years. A spouse whose income is below a specified ceiling (FF 2 000 a month, family benefits included) will be eligible for a temporary degressive allowance (FF 1 600 a month in the first year, FF 1 050 in the second year and FF 800 in the third year). The aim is to make it easier for the recipient of the allowance to find suitable employment. In this way, the Law recognizes widowhood as a social security risk.

Measures were taken in February and September to cushion the impact of inflation on families with low incomes. These included a special FF 150 increase in both the 'family income supplement' and the back-to-school allowance.

Personal allowances for taxpayers with three or more children were increased. In addition, from 1 January 1980 all mothers with three or more children who are no longer in employment and receive the 'family income supplement' (by virtue of their low income level) will be able to join the statutory pension scheme free of charge for the period during which they are raising their children.

As regards family policy, the report by the Commission for Social Protection and the Family drawn up in preparation for the Eighth Plan (1981-85) calls for the simplification of the system of financial aid and the creation of an environment better suited to the achievement of family aims, in particular by means of the reorganization of working time, town planning geared more closely to the needs of the population and the expansion of communal facilities such as day nurseries.

Ireland

191. In July family allowances were increased to IRL 4.50 a month for the first child and to IRL 7 for each subsequent child. Conversely, tax relief for child dependants was reduced but the special tax allowance for one-parent families was

doubled. An important change in the personal taxation system has been the introduction of income-splitting for married couples whether one or both of the spouses are earning.

The National Understanding for Economic and Social Development concluded in September between the Government, the trade unions and the employers provides, among other things, for the introduction of a statutory scheme of paid maternity leave for women in employment. The Government will also establish a representative working party to make proposals concerning child care services and facilities for working parents.

Regulations have been issued by the Minister for Health bringing the Health (Family Planning) Act 1979 into operation on 1 November 1980.

In April, a Minister for State was appointed at the Department of Health and Social Welfare with special responsibility for children.

Italy

192. In 1980 particular attention was devoted to family affairs by the Government, trade unions and social and political movements and associations. As a result in particular of trade union action, family allowances, which had remained at the same level for some years, were significantly increased by Law enacted on 8 August 1980.¹

A National Family Commission was set up by a Decree of 23 July 1980 (Minister of Labour and National Insurance). Its task is to draw up more comprehensive proposals on family policy. The commission is made up of representatives of various Ministries, political parties, trade unions, women's associations and family organizations, together with independent experts.

A number of regional laws concerning family matters were adopted in 1980, aiming *inter alia* at modernizing legislation relating to municipal day nurseries built and managed with State subsidies, of which there are currently 1 768.

New family advice centres were set up (there are 1 099 in all), but the rate of expansion differed from one region to the next. Such centres were frequently set up as a spearhead operation in areas which lacked other services owing to the fact that the national social assistance reform law had not yet been adopted. The growth of these centres has been impeded by a lack of qualified staff, since little provision is made for the necessary training under the present system. The usefulness of such services is borne out by the fact that the needs of the population in this field are far from adequately covered.

¹ Point 217.

Luxembourg

193. Family allowances were adjusted to take account of movements in the cost-of-living index, and increased for the second and each subsequent child.¹ The Law of 30 April 1980 introduced a maternity allowance¹ for women not earning a wage or salary, to be charged to the national budget. Women employees will continue to receive the earnings-related maternity benefit to which they are entitled under the social security system unless the latter is lower than the index-linked maternity allowance (LFR 2 613 per week in October 1980).

The Law of 26 July 1980 concerning advances on and recovery of maintenance payments follows the same line as a similar Law adopted last year in the Federal Republic of Germany. The National Solidarity Fund can now advance maintenance payments fixed by a court decision and recover them when a debtor fails to meet his obligations. This measure provides a humane and effective solution to the problems faced by recipients of maintenance payments when the debtor defaults or falls behind with payments. To be eligible for assistance under this Law recipients must have lived in the Grand Duchy for five years and prove that they are suffering financial hardship. In addition, recipients may only benefit from this measure if it has proved impossible to effect recovery, whether total or partial, by recourse to action under private law.

The Netherlands

194. The third stage in the restructuring of the family allowances scheme was completed.² New reform proposals have been submitted for the opinion of the Social and Economic Council.

The Minister of Justice has submitted a draft law designed to do away with discriminatory provisions in private and family law with a view to achieving equal treatment for men and women in marriage. In order to achieve equality as regards the choice of surname, proposals will be put forward on the basis of the findings of an enquiry currently being conducted into this matter. Already under recent administrative orders children have been given their mother's surname. In addition, the Minister of Finance has presented proposals to Parliament so that for taxation purposes, both spouses are on an equal footing and so that married couples and couples who merely live together are treated in a similar fashion.

Two inter-ministerial working parties were set up to formulate opinions on the setting of a statutory time-limit on the obligation to make maintenance payments

¹ Point 218.

² Social Report 1979, point 213.

and on the creation of a body responsible for collecting the maintenance payments due to ex-spouses and children.

Thirty-five new day nurseries were set up in 1980, bringing the total to 150, but demand is far outstripping supply. The State's contribution has risen to about HFL 34 million. On 1 April 1981, State aid (about HFL 28 million) will be extended to day play-centres for school-age children from underprivileged families. The problem of caring for children outside normal school hours is becoming increasingly acute. The Women's Emancipation Committee has put forward a number of recommendations on this problem to the relevant Ministries.

In 1980 appropriations amounting to HFL 3.9 million were made available to various local authorities to enable them to subsidize measures designed to promote equal opportunities at local level. The provincial authorities also received contributions towards these activities.

The main home help organization comprises 264 services employing about 100 000 persons (there are 8 471 qualified home helps, of whom 7 891 work with families and 580 with the elderly, and 75 820 home helps engaged primarily in domestic tasks, of whom 70 860 were working part time). The 1980 budget appropriations of the Ministry of Cultural Affairs, Recreation and Social Work for the financing of these services amounted to HFL 1 100 million.

In 1980, regulations were drawn up to allow centres catering for battered wives and their children to receive indirect financing under the general social assistance law. These rules will apply to 18 such centres.

United Kingdom

195. Child benefit was increased from UKL 4 to UKL 4.75 for each child from November and the supplement paid for the first child of one-parent families was raised from UKL 2.50 to UKL 3.

Changes announced in the Supplementary Benefits Scheme will particularly help families with children and one-parent families by raising the amount of benefit given and by permitting a shorter qualifying period for those eligible for the higher long-term rate.

Provision for nursery education continues to be inadequate. The Government's decision in May 1980 to remove from local authorities the statutory obligation to provide nursery education for the under 5s may lead to a worsening situation. The Government has estimated that the provision of places in nursery schools will rise from 220 000 in 1980 to 226 000 in 1981.

Perinatal and neonatal mortality remains a topic of deep concern and in July the Parliamentary Select Committee on Social Services published their report on this subject. In their reply to Parliament in December, the Government noted recent

progress in the reduction of perinatal mortality and handicap. With a view to achieving further reduction, many of the Committee's recommendations have been referred to health authorities and professional bodies.

The Law Commission issued a discussion paper on divorce in the first three years of marriage. Under English law, petitions for divorce can be filed within the first three years only in exceptional cases. Opinions on this matter seem particularly divided and it is unlikely that the question will be resolved in the immediate future. The Law Commission have also suggested that the status of illegitimacy should be abolished in law so that the law applicable to legitimate children should apply to all children.

Preventive work with families is and will continue to be an important objective of policy in the United Kingdom, not only in cases where a child is known to be at risk, but also in reducing the need to receive children into care. The provision of a wide range of services by way of advice, guidance and assistance is important and resources are being used in a variety of ways to meet this objective.

In Northern Ireland, the major review of the law relating to children and young persons, and to adoption is continuing.

Chapter VIII

Social welfare services

Trends within the Community

197. In some Member States the policy of curtailing public expenditure has led to restrictions on the funds available for social assistance and the social services. In others, the aim has been to stabilize the situation except in the case of those services which, it has been realized, forestall still more substantial expenditure; for example, the provision of home help for elderly or handicapped persons, thereby obviating—or postponing—the need to place these people in institutions. However, the efforts made to expand these services were not always accompanied by measures to improve the staff's status and remuneration.

198. It is somewhat paradoxical that social welfare expenditure should be curbed at this time of ever-growing needs. Unemployment and the rising cost of living have led many people to fall back on social assistance for the first time. At the same time, divorce procedures, decisions on the custody of children, action to prevent juvenile delinquency and drug abuse by young people at an ever-earlier age, growing demand for advice in a variety of areas, reception and integration of refugees—particularly from South-East Asia—are all examples of increasing areas where social workers' help is needed.

199. An attempt is being made to improve systems of legal aid for the most deprived. Two laws were adopted this year in the Federal Republic of Germany to facilitate access to legal aid and advice, while in Ireland, a system of legal aid was set up and in Belgium a law was adopted laying down the conditions under which the State would take over the legal expenses of persons with inadequate means.

Development of the situation in the member countries

Belgium

200. It is still too early to evaluate the effects of the 1976 reform under which the public social welfare centres (CPAS) were set up, although a few studies have been made. The Ministry of Public Health has arranged for an inventory to be made of these centres' activities. The King Baudouin Foundation, in collaboration with the *Union des villes et communes belges* (Union of Belgian towns and municipalities), has published a chart depicting these centres' achievements; in particular it highlights the broad range of their activities, which are not confined to services (legal advice, help for migrants, and the elderly, etc.) but also include the provision of certain facilities (medical centres, child-minding centres, establishments for the handicapped, special housing for the elderly, etc.).

A Law of 9 April introduces a partial solution to the problem of legal aid. The State will pay an allowance to trainee lawyers representing persons with insufficient means to pay the costs involved.

By a Royal Decree of 7 December 1979 an advisory committee for migrants in the French community was set up to study and deliver opinions on social, cultural, legal, economic and administrative problems in connection with the reception of migrants and their families.

Denmark

201. A number of provisions of the Law on social assistance were changed on 16 June as part of the efforts to limit public expenditure. These changes include, among other things, the introduction of an absolute ceiling on short-term benefits. In addition, the allowance granted to parents to cover the additional cost of looking after a handicapped child at home will be, as from 1 January 1981, conditional upon the financial situation of the recipient.

The Law of 16 June introduced a new concept, the 'social income', for calculating benefits whose amount is determined by conditions regarding the recipient's income. It differs from taxable income in that assets are incorporated in the 'social income' on the basis of a sliding scale; however, in the case of pensioners the dwelling is not taken into account when computing assets. It is estimated in itself that this will lead to savings of DKR 330 million on social assistance expenditure in 1981.

Subsidies to municipalities for aid to particularly needy pensioners (those in receipt of old age, invalidity or widows' pensions) were, on account of the steep rise in energy costs, raised to DKR 200 million for 1981 so as to help them meet their heating bills.

The reluctance of municipalities to take on additional social workers in these times of economic difficulty results in a heavy workload being placed on those currently employed. As they also have to supervise students in social work, undergoing training, their association negotiated an agreement restricting this additional work to a certain number of hours.

The Commission on the elderly, set up in 1979, submitted a preliminary report entitled 'Changes due to age; criteria for a policy on the elderly'. It recommends a policy based on a more positive approach to ageing, stressing the continued independence of the individual.

Federal Republic of Germany

202. An increase in the subsistence allowance paid under the Federal Law on social assistance brought it up to DM 309 per month for a single person (Federal average). Total expenditure on social assistance in 1979 (the latest figures available) was DM 12 100 million, an increase of 6.9% over 1978, a slowing down of the rate of increase of this expenditure as sought by the public authorities.

Under the programme of pilot schemes to combat poverty promoted by the Commission of the European Communities, the Institute for Social Research and Social Policy (ISG) in Cologne carried out a pilot scheme which, on the basis of a project in an urban area, led to the setting-up of self-help groups of social assistance recipients; there are at present 40 such groups in the country, mainly in North Rhine-Westphalia.

The development of social centres (*Sozialstationen*) offering health and social assistance services was given fresh impetus by the job-creation measures taken by the Federal Labour Office, which provides financial assistance towards staffing costs. Similarly, the Federal Ministry of Labour provided grants for the setting-up of social centres under a special programme. These measures account for the increase in the number of such subsidized centres from 309 to 1 040 in 1979 alone.

Two important laws will enter into force on 1 January 1981, one on aid for legal advice and the other on participation in court costs. The first enables people with low incomes to seek legal advice, except on matters relating to social law or labour law for which there are other arrangements. The second law replaces the free legal aid scheme currently in force; it does away with the complicated procedure of preliminary inquiries and approaches to the social assistance office to obtain an 'attestation of poverty' which, apart from the cost involved, constituted a

psychological obstacle for the claimant. A contribution towards court costs (the parties choose their own lawyers and the State pays the fees) may be requested in all court proceedings other than criminal cases.

A programme is being set up to train immigrants as social workers; after 18 months' training, attested to by a diploma, they will give guidance on social matters in their own community.

France

203. The minimum old-age pension (*minimum vieillesse*)—granted to about 2 million people—was raised in July to FF 1 300 per month, an increase of nearly 15% over one year. In connection with the special measures adopted in February to attenuate the effects of inflation on the less-favoured categories, an allowance of FF 150 was paid to beneficiaries of the *minimum vieillesse* and of the allowance for handicapped adults.

An in-depth study of the child welfare sector has been carried out at the request of the Ministries for Health and Justice. The object was to analyse the operation of this major sector of social assistance—it concerns over 500 000 children who were abandoned or in need of help, involving expenditure of about FF 10 000 million in 1980—and to propose measures to improve the situation. As soon as the report was published, certain proposals were incorporated into decisions by the Council of Ministers.

Home help for the elderly has been expanding considerably for the last few years and expenditure has risen from FF 300 million in 1974 to FF 1 300 million in 1980. The ceiling on annual income for eligibility for home help was raised to FF 16 700. In 1979, 280 000 persons were aided and the aim is to raise this figure to 340 000 in 1980.

As part of the preparatory work for the VIIIth Plan (1981-85) a report was drawn up by a working group on the outlook for the elderly (*Prospective personnes âgées*). After analysing the situation and observing that most retired persons are doomed to 'social death', the report advocates that rather than measures specifically for the elderly, a series of actions should be taken upstream of retirement, particularly concerning the organization of working life, the elimination of inequalities, the environment, etc. The report comes out firmly in favour of an increase of the minimum pension (*minimum vieillesse*) and considers that a single person should be assured of an income corresponding to 80% of the SMIC (statutory minimum wage).

At 1 January 1980, there were 903 social centres; the State contributes to their financing. In addition, there are 425 preventive teams (compared with 406 in 1979) that work in 220 towns among young persons with social adjustment difficulties.

The working party on alcoholism, set up at the request of the President of the Republic, presented its report which contains a number of proposals, stressing the need for better preventive measures.

The Decree of 6 May 1980, followed by four Orders, has reorganized training for social workers, which now includes a basic training course leading to a State diploma, further training, and advanced training leading to a higher diploma in social work. The reform provoked various reactions from associations and trade unions in this field, from training establishments and from the students themselves. Reservations were mainly expressed with regard to the lower admission requirements (the baccalaureat is no longer needed), the curtailment of theoretical studies in favour of practical work and stricter control to be exercised over training establishments by the authorities.

Ireland

204. In April 1980 social assistance payments were increased by 20% or 25% (depending on whether they were short or long-term benefits). Under the agreement concluded between the Government and the workers' and employers' organizations (the National Understanding), a commitment was made to continue to increase social welfare payments at least in line with the cost of living. In addition, the level of maintenance allowances for disabled persons will be reviewed.

In December 1979 the Government's Scheme of Civil Legal Aid and Advice was approved by the Parliament and the Minister for Justice subsequently appointed a Legal Aid Board, consisting of 13 members, to administer it. Two Law Centres were opened to the public in Dublin and it is expected that a further five centres will shortly open in other locations around the country.

A new national free fuel scheme for the most needy was introduced for the 1980/81 winter. Each case will be assessed individually. Those eligible will be issued with weekly vouchers valued at IRL 2 from 1 October for a period of 30 weeks. About 115 000 persons, mainly pensioners, are expected to benefit from this scheme.

A national committee is being formed to review future policy towards travelling people. This review will be undertaken with the cooperation of the National Council for Travelling People, which has already been set up. Training schemes have been provided for this group, especially for young people; in addition about 50 social workers and youth leaders are employed by local authorities to help families to adjust. The Department of the Environment bears 90% of the cost of their salaries and expenses.

Italy

205. The draft outline law on the reform of the social welfare system is still being discussed by Parliament. The reform of the health service, however, is going ahead through the adoption of regional laws. Several of these, motivated by the oft-repeated affirmation that the health service should not be regarded as completely separate from the social services, contain certain provisions concerning the latter. For example, the law adopted by the Emilia-Romagna Region stipulates that until the national law on social assistance comes into effect, operations under this heading will be run by a social service of which it defines the aims and specifies some areas of action. Pending the national law on this subject, the Regions of Basilicata and the Veneto have stated that social assistance activities will be administered by the 'local health unit'; however in Lombardy, the law speaks of the unit as a 'local social and health unit'.

Some legislative measures have been passed at national level for certain categories of handicapped persons. From 1 January 1982, the attendance allowance for the blind will be equal to that for persons seriously disabled in the war. In 1980 and 1981, however, it will amount to LIT 180 000 and 200 000 per month for the two categories respectively. The same allowance will be provided to other disabled persons who require the help of an attendant to get about.

Luxembourg

206. The rise in the cost of living, in particular heating costs, prompted the Government on 1 January 1980 to increase the supplementary allowance introduced in 1975 for certain categories of persons drawing annuities and pensions amounting to less than the statutory minimum wage. By a law of 27 February 1980, the allowance was raised for the second time, from LFR 1 000 to LFR 1 400 for single persons and from LFR 1 500 to LFR 2 100 for families. This has resulted in additional annual expenditure of about LFR 49 million.

The 1980 budget appropriations have made it possible to start implementing the new policy, adopted in 1980, of developing alternatives to placing children in institutions. Children have been placed in families and in privately run 'day homes'; in addition, day child-minding centres have been expanded.

A Government subsidy of about 50% has enabled local authorities or private bodies to provide another 500 places in old peoples' homes. The Government will also contribute to the creation of several new hostels for single migrant workers.

The Netherlands

207. The general law on social assistance does not merely provide for income support allowances, but also grants assistance for expenditure on certain items such as medical treatment and social services not covered by insurance or some other arrangement. The amount of the related benefit depends on the family's financial resources which since 1 April 1980, are assessed according to rules incorporated in the law, thereby eliminating inconsistencies in the award of this aid.

The amount of the welfare benefits is determined on the basis of the statutory minimum wage but in the case of families, this benefit is by law equivalent to the net minimum wage since 1 January 1980. The 1980 budget included appropriations of a little over HFL 5 000 million for social assistance—thus continuing the down trend of the rate of increase of this expenditure.

The shortage of housing, particularly in large towns, being a real problem, a large proportion of those requesting help from the social services are encountering housing difficulties. In February 1980, the association of social workers (NOW) organized a congress on housing (legislation, rents, rights of local communities) and presented recommendations in the hope that they would prompt future measures in this field.

In 1981, it is proposed to recruit 200 social workers for a coordinated action to help the elderly, none having been recruited in this sector since 1976. There has been a tendency for elderly and handicapped persons to become more emancipated: they want to decide their own way of life rather than have other persons and bodies—however well-intentioned—look after them. This attitude is obviously changing the respective roles of responsible persons and bodies and their charges.

The policy of supporting voluntary work has continued.¹ The number of voluntary aid centres has risen from 11 to 21. In addition to providing aid for experimental projects, more attention has been focused on giving professional social workers more opportunities for spending all or part of their time with volunteer workers (training, advice). A total of 43 posts have been allocated for this purpose in the staffing plans for 1981.

United Kingdom

208. One notable feature in the social welfare field in 1980 was the Government's determination to make cuts in public expenditure. This entailed, for example, the

¹ Social Report 1979, point 201.

decision to adopt a less favourable index-linking system for some long-term social security benefits.¹ Expenditure on important sectors of welfare provisions, notably the National Health Service, has been largely protected, but reductions have been made in central Government contributions to local authorities, who are responsible for personal social services at local level (these services cover facilities such as day nurseries and old people's homes), leaving the local authorities with difficult choices. In practice most local authorities have chosen to give these services a high priority and total spending on them is likely to have been at least maintained during 1980.

The changes in the Supplementary Benefits Scheme proposed by the Government² were adopted. Assistance with heating costs under the Supplementary Benefits Scheme was stepped up in November; the basic allowance was increased from UKL 0.95 to UKL 1.40 per week and more elderly people will be eligible for it. This help is in addition to over UKL 1.5 million in existing heating allowances paid to the sick, disabled or infirm.

The Government hopes to publish a White Paper covering a wide range of issues which concern the elderly and setting out a general approach for meeting the great variety of their individual needs. The Government accepted in principle for all but the most severely and multiply handicapped the model of care set out in the report by the Committee of Enquiry into Mental Handicap Nursing and Care published in 1979. But it rejected the radical recommendations on staff training, proposing instead that the bodies responsible for nursing and social work training should look together urgently at ways of introducing common elements within the separate forms of training, and a Joint Working Group has now been set up for this purpose.

A wide-ranging report on services for the elderly in Scotland was published by the Secretary of State for Scotland. It is hoped that local authorities, health boards and others concerned with the care of the elderly in Scotland will consider the report's recommendations when planning future services.

¹ Point 220.

² Social Report 1979, point 202.

Chapter IX

Social security

Trends within the Community

209. During the last 30 years or so the proportion of national income that the various Member States devote to social security has been steadily on the increase, so that expenditure on social security rose faster than the economic growth-rate. However, we may now be witnessing a reversal of this trend in the Community as the indications are that we are entering a period of at least temporary stabilization in the redistribution effects brought about by social security measures. This change clearly represents the salient feature in this field in 1980.

This trend towards stabilization is in no way coincidental—in recent years there has been a steady increase in health costs and in the number of pensioners and the jobless; the fall in the birth-rate cannot in itself offset the increased financial burden resulting from these factors. Specific measures are therefore required to achieve this objective and some countries have already taken steps in this direction. Since 1977, the Federal Republic of Germany has attempted to curb health expenditure and has pursued a policy of consolidating pension schemes and safeguarding jobs. This policy seems to have been successful since the ‘social report’ published in the Federal Republic of Germany in 1980 indicates that expenditure on social security has held steady at around 30% of GNP for the past two or three years and is likely to remain at this level in the years ahead. The Federal Republic of Germany’s success in this field may well be emulated by other countries given the broadly similar policies that have been introduced with a view to imposing stricter rules as regards the award, level and adjustment of benefits. It is worth noting that in France the social protection committee (Eighth Plan) has similarly focused its attention on curbing health expenditure by means of a strict regulatory policy, consolidating pension schemes and combating unemployment while providing aid to the least well-off.

210. A stabilization policy, however necessary it seemed, might, however, be interpreted as a desire to ‘mark time’ on the social front unless it were accompanied

by imaginative efforts to improve social protection using the means available. In many countries, for example, measures have been taken to help people on small pensions or those with large families.

Other improvements in the field of maternity benefits or family allowances can also be attributed to demographic considerations. Certain gaps in social protection have been filled and discrimination has been abolished in some areas. In addition to providing financial assistance, there are other ways of helping persons entitled to social protection: procedures can be simplified, measures can be coordinated, and information, advice or legal aid can be provided, etc. These ideas appear to be finding expression in certain national programmes and schemes. Finally, and most important, this period of stabilization can be used to rethink the direction to be given to the future development of social protection, its financing and how it can be adapted to sociological changes in Europe.

211. The Commission intends to play its part in this regard. It has already set up permanent consultation machinery involving top officials and independent experts from the Member States whose task is to consider current issues, deliver opinions and suggest areas which should be studied in depth. A whole series of studies have been made as a result, on subjects such as health care, invalidity, demographic trends, financing, retirement and the 'humanization' of social security. This machinery could also be used to foster consultations on proposed national reforms. It is also gratifying to note that the experiment launched last year will continue this year at the request of one of the Member States. It should eventually lead, at policy-making level, to specific Commission proposals. It should be stressed here that the Commission's proposals in themselves constitute pointers for the future development of social protection, as discussed above. An initial step has already been taken in the form of the Directive on equal treatment for men and women (19 December 1978) and there can be no doubt that this key concern will be a feature of legislation in the 1980s both as regards statutory and occupational social security schemes (proposals are also being worked out for this latter sphere). Another Community measure concerns flexible retirement, which was the subject of a Commission Communication to the Council of 14 July 1980. This initiative has a two-pronged objective: it will allow those concerned to choose when they retire and afford them the option of a traditional period between full-time work and retirement proper. This is another possible future solution which could also help resolve employment problems in the light of economic trends. Leaving aside recommendations put forward by the Commission in the past and proposals currently being worked out, these two examples suggest that the future of social security will not necessarily be a mere extrapolation of its past development.

Moreover, as these new developments have a European dimension they will make for a convergence of policies at national level.

Development of the situation in the member countries

Belgium

212. The Government formed in May outlined its intentions in the field of social security, namely an improvement in the lot of the least well-off, a restoration of financial equilibrium and a reform of social security arrangements for wage and salary earners.

The Finance Law of 8 August set out these intentions in detail. The minimum income guaranteed to the elderly and the disabled was increased, as were minimum pensions for wage and salary earners and disabled surface workers in the mining industry. Furthermore, a series of measures was taken to curb expenditure on sickness insurance: at the beginning of the year an increase was made in the insured person's contribution in the event of a stay in hospital or in a rehabilitation centre (an increase in the insured's contribution to the cost of medical treatment was made in January); on 1 November, a new method of reimbursing the cost of pharmaceutical products was introduced—medicines now fall into four categories and prescription charges may be reimbursed by the sickness insurance scheme in full, in part or not at all depending on the therapeutic value of the product; on 1 October, a pensioner's contribution to the sickness/invalidity insurance scheme was introduced. These measures, coupled with stricter application of the rules on unemployment insurance, cuts in administrative costs, increased Government subsidies and various economy measures, are designed to improve the balance between receipts and expenditure in the social security field in the near term.

In addition, proposals for a reform of social security arrangements for wage and salary earners were discussed with the two sides of industry. These proposals are based on a number of key principles: solidarity between the various social groups, entitlement to benefits irrespective of income, financing by contributions under a simplified system which does not entail disincentives to employment, re-examination of the criteria for financial intervention by the State, equal treatment for men and women, restrictions on the possibility of combining benefits, social protection for part-time workers and improvements in administrative efficiency. Looking ahead, a committee has been given the task of preparing the codification, harmonization and simplification of social security legislation for all schemes. Its final report should be ready at the end of 1982.

The practice of paying an additional month of family allowances at the beginning of the school year was institutionalized and further progress was made in eliminating sex discrimination, particularly as regards sickness insurance, and in affording better maternity benefits.

The new Government formed in October indicated that it would continue the social security policies pursued by its predecessor.

Denmark

213. The usual adjustments—due on 1 July 1980 and 1 January 1981—to bring the maximum amounts of the sickness, maternity and unemployment allowances into line with wage increases have been suspended. The only adjustment to be made (on 1 September) reflected price rises almost exclusively. New rules will become operative on 1 April 1981.

Several aspects of the legislation on unemployment insurance were amended with effect from 1 July: a stricter check will be kept on the calculation of benefits, entitlement will cease on retirement and more stringent conditions will be applied to applications for early retirement, etc. From 21 October 1980 the minimum period of membership of an unemployment insurance fund was increased from six months to one year.

From 1 January 1981, earnings ceilings in respect of family allowances will be reduced from DKR 144 000 to DKR 128 000 per annum. This will mean a reduction in benefits for a number of families. However, family allowances and pensions were increased on 1 July 1980 to compensate for the rise in VAT from 20.25% to 22%.

Reductions were also announced in respect of health care (medical and dental treatment, medicines).

Improvements were made to maternity protection under the Law of 29 May. From 1 January 1981, maternity leave will be increased from 14 to 18 weeks (including four weeks before confinement) for women wage or salary earners. Self-employed women and women helping their husbands in an occupational activity will now be entitled to the same period of leave (as against four weeks in the past), whilst leave for the adoption of a child has been extended to 14 weeks as against four or six weeks previously.

The same Law also relieves all employers of the obligation to pay employees during the first five weeks of an illness contracted during the first three weeks following recruitment. A contribution is now paid by the local authorities in such cases.

From next year a new definition of individual income ('social income') taken into account for the granting of certain means-tested benefits will be adopted.

Federal Republic of Germany

214. Under the Law of 9 July 1980, a farmer's surviving spouse wishing to continue working on the farm may obtain a helper or temporary aid from the agricultural pension fund. Any spouse choosing not to do so is entitled to a survivor's allowance if he or she is no longer able to find suitable paid employment either for reasons of age (over 45) or because there are children to bring up. In other cases, the allowance is designed to facilitate reintegration into working life. This allowance guarantees the spouse protection under the agricultural sickness insurance scheme, which also covers self-employed fishermen and beekeepers.

Under the Law of 16 August 1980, family allowances will be increased as of 1 February 1981 from DM 100 to DM 120 per month for the second child and from DM 200 to DM 240 per month for any subsequent children.

The draft law on social protection for artists¹ was approved by the Bundestag (Lower House). However, as it was not adopted by the Bundesrat (Upper House) before dissolution it was tabled again after the elections.

A number of other general measures designed to improve individual legal protection are worth mentioning: reorganization of the legal aid system, the right of the destitute to be advised or represented, standardization of administrative procedures relating to all social benefits. In addition, elections were held in the various social insurance bodies during the year.

The 'social report' for 1980 shows that measures taken over the last few years to curb expenditure on health care and pensions have largely succeeded in stabilizing the situation. Whereas social security expenditure rose steadily from 20% of GNP in 1960 to a little more than 30% in 1975, there has been little change in this figure since then.

France

215. At the beginning of the year certain measures were taken to curb health expenditure. These included:

¹ Social Report 1979, point 208.

- (i) increase in the share paid by insured persons suffering from a condition involving prolonged treatment and costly therapy,
- (ii) tightening up of medical checks,
- (iii) payment of sickness insurance contributions by pensioners under the statutory and supplementary pension schemes; removal of the ceiling on wage and salary earners' sickness insurance contributions.

The minimum old-age pension was raised to FF 1 300 per month on 1 June 1980. In addition, family allowances were increased by a percentage exceeding the increase in the cost of living and there was a slight improvement in allowances paid to families with three or more children. The 'back-to-school' allowance was increased by FF 150 and the allowance from the national solidarity fund (*Fonds national de solidarité*) was increased by the same amount in November.

A Decree of 11 July 1980 giving effect to the Law on the generalization of social protection introduced a personal insurance scheme open to all those who are not—or are no longer—covered under one of the compulsory sickness/maternity schemes (health care). The contribution required, 13.85% of the insured person's income, can be financed either by the appropriate family allowance fund or by social assistance.

Among other provisions designed to improve the situation of large families, a Law of 17 July 1980 provides for the extension of maternity leave to six months from the birth of the third child (18 weeks for an adopted child).

A lump-sum maternity allowance is paid in the month following the birth of a child; this is increased for the third and subsequent children up to a maximum of about FF 10 000. From 1 January 1981 a 'minimum family income' will be introduced for families with three or more children. The exact amount will be fixed by decree.

Another Law of 17 July 1980 introduced, also from 1 January 1981, a widow's insurance for the surviving spouse of an insured person. The allowance which is designed to alleviate the financial difficulties faced by a survivor without resources following the spouse's death, is temporary and degressive in nature.

The allowance for workers on short time was improved following an agreement between the employers and the trade unions.

In addition, a new agreement was proposed in 1980 to the medical profession. Among other things, it gives doctors the option of fixing their own fees or charging rates fixed by agreement.

Ireland

216. In addition to the annual adjustment of social security benefits on 1 April 1980 (+ 25% for long-term benefits and + 20% for short-term benefits), there was an increase in family allowances in July, amounting to IRL 1 per month for the first child and IRL 1.50 per month for each subsequent child. The death grant was increased from IRL 50 to IRL 75.

The income ceiling for eligibility for certain benefits under the health care scheme was increased from IRL 5 500 to IRL 7 000.

Under the farmers' pension scheme (for those ceasing farming) the annual allowance for a single person rose on 1 May from IRL 732 to IRL 912 and for a couple from IRL 1 104 to IRL 1 380.

All recipients of long-term social welfare benefits received a double payment for one week in December.

Also worthy of note is a bill on paid maternity leave which guarantees female employees the right to resume work with the same employer as is the case in other Community countries. This legislation will take effect in April 1981 and will generalize an arrangement already operating in a number of industries in which there are relevant collective agreements.

Proposals for a new national pensions scheme covering both wage and salary earners and the self-employed are being published at the beginning of 1981.

Italy

217. The Law of 29 February 1980 provides for increases in various minimum benefits. The social assistance pension was increased on 1 January 1980 from LIT 82 350 to LIT 102 350 a month; the minimum pension for wage-earners from LIT 142 950 to LIT 152 950 a month from 1 May 1980 (LIT 162 950 from 1 July if the pensioner has paid contributions for 15 years) and the minimum pension for the self-employed from LIT 107 750 to LIT 142 950 a month from 1 July. The Law also provides for index-linked adjustments to benefits every six months instead of once a year, while contributions to the various old-age insurance schemes were increased from 1 March 1980 (e.g. 0.70% increase in the employer's contribution in respect of wage earners' schemes). Sickness protection can now be extended, on application, to foreigners resident in Italy. The time-limit for the winding-up of the old sickness insurance organization was extended to 31 December 1980 in cases where it has not yet been possible to establish the new 'local health units'.

A Law of 28 November 1980 provides for a reduction in the employer's social contributions in manufacturing firms and certain other undertakings. The reduction relates chiefly to supplementary assistance or 'solidarity' contributions (altogether about 6% of wages) for which the State will now be responsible. A further reduction has been granted to firms in the Mezzogiorno.

A Law of 8 August 1980 raised family allowances by 100% (50% from 1 July and 50% from 1 October). Under the wage and salary earners' scheme the allowance rose from LIT 9 880 a month to LIT 19 760.

Family allowances were also doubled under the farmers' and the public service schemes.

The Law of 13 August 1980 amended legislation on income support in the event of a reduction or cessation of the activities of a firm in economic difficulties. Employees receive 80% of their remuneration for hours not worked up to a maximum of LIT 600 000 a month, which will be indexed annually in future.

Other plans, including the reform of all pension schemes, were not realized before the end of the year.

Luxembourg

218. Family allowances for the second child, which had been increased significantly the previous year,¹ were raised again in 1980 (+ 20%). For subsequent children the increase was a little lower (about 17%). These increases were provided for by the Law of 27 February 1980, to prevent a decline in the living standards of large families; demographic considerations were also taken into account. Similar considerations were at the root of the Law of 30 April 1980, which provides for a maternity allowances of LFR 2 550 per week for women who have been resident in the Grand Duchy for more than one year. The allowance is paid for 16 weeks (eight weeks before and eight weeks after confinement). It is financed from public funds and cannot be combined with similar benefits or claimed if the applicant is still drawing a wage or salary.

The Law of 25 February 1980 aligned the pension scheme for manual workers on that of white-collar workers in respect of the age (60 years) at which an early retirement pension can be drawn. However, the qualifying period remains different. Another Law (26 July 1980) improved the situation of recipients of small pensions who have not been paying insurance contributions for long enough to

¹ Social Report 1979, point 212.

obtain one of the two minimum pensions available (after 10 or 35 years of membership). Under this Law, periods worked before the present schemes were set up may count towards years of membership. In addition, an increased minimum pension may be granted in certain cases where the entitled persons can prove that they have been contributing for more than 10 years. The needs of people on low pensions were also at the root of the increase in the compensatory cost-of-living allowance to LFR 1 400 a month for a single person and LFR 2 100 a month for a married couple. The allowances may be raised yet further by administrative order.

The early retirement scheme was amended by a Law of 5 March 1980, which makes the scheme optional and also restricts payment of the related allowance to a maximum period of three years should the scheme be extended to sectors other than the iron and steel industry.

The Netherlands

219. Under the Law of 25 June 1980, the twice-yearly increase in the various social security benefits may be lower than that resulting from the application of the usual machinery. The aim is a keep increases in benefits in line with wage and salary increases. Accordingly, family allowances were increased on 1 July by 2% instead of 2.9%.

In addition, the Minister of Health was authorized by a Decree of 27 March to require insured persons to pay, from 1 April, a contribution towards certain kinds of hospital treatment such as plastic surgery and confinement. Another Royal Decree of 18 April is designed to encourage daytime treatment in a polyclinic rather than the more costly practice of admitting patients to hospitals.

A number of plans which have been the subject of consultations in the Economic and Social Council are currently being examined. A case in point is the reform designed to consolidate the various rules governing unemployment insurance. Any unemployed person, irrespective of how he lost his job, would be entitled to a basic minimum income. An additional amount would be paid in the event of involuntary unemployment, assuring the worker of 80% of his previous income. In both cases, the person concerned would have to prove that he had earned a given wage or salary over the previous year. Equal treatment for men and women would be guaranteed pursuant to the EEC Directive of 19 December 1978. Another plan relates to invalidity insurance, for which the number of applicants has increased significantly. There are also plans to abolish the category corresponding to the lowest degree of invalidity. The Council's opinion is being sought on the possibility of varying the amount of family allowances according to the child's age.

Finally, there are plans to set up a social security board, an autonomous body which would have the task of paving the way for the implementation of policy decisions.

In this connection, the first report by the committee set up to simplify and codify social security legislation has been presented to Parliament.

In relation to the EEC Directive of 19 December 1978, another study is under way, on the possibility of making married women independent of their husbands in social insurance matters.

United Kingdom

220. The main social security benefits, including child benefits, were increased in November. As in 1979, a lump sum of UKL 10 was paid to pensioners in December 1980. Contribution rates were raised in April (employees + 0.25%, employers + 0.20%), as were the related earnings limits and thresholds for liability.

The Social Security Act 1980 made various changes in social security provisions, including one whereby pensions and other long-term benefits are in future to be uprated at least in line with prices, instead of prices or earnings as previously.

The Social Security (No 2) Act 1980 contained a number of measures designed primarily to achieve savings in the social security budget. Some of the measures become operative in 1981/82; others took effect during the year. From September claims to cash sickness of injury benefit were not accepted where there were three days or less of incapacity; from the same date the period within which separate periods of incapacity or unemployment may be linked to form one period for claims purposes was reduced from 13 to 8 weeks; and, in lieu of taxation, the increase of untaxed short-term benefits and invalidity benefit in November was less by 5 percentage points than the forecast rise in prices.

The Social Security Advisory Committee (SSAC) replaced the National Insurance Advisory Committee and took over the advisory role of the Supplementary Benefits Commission of Great Britain and Northern Ireland in November 1980. SSAC's role is to advise the Secretary of State for Social Services and the Department of Health and Social Services for Northern Ireland on all social security matters except those relating to benefits for industrial injuries and diseases and occupational pensions.

Chapter X

Safety, hygiene and health protection at work

Trends within the Community

221. For years now our analyses of Member States' efforts to prevent accidents and occupational diseases wherever possible have revealed the same situation: a variety of means are being employed to make, not only employers and employees, but also the general public aware of safety issues. There are repeated investigations into the entire working environment of enterprises. Cooperation between management safety departments and employees is constantly being improved and made more effective. The integration of safety considerations in workplaces and machines already at the planning stage is considered necessary and is encouraged, while the network of medical supervisory centres is constantly being extended. In this report,¹ three years ago, these trends were set forth in detail; today they continue unchanged.

Amongst this whole range of national measures which are the natural consequence of this awareness and these requirements, there are however, in the current reporting year, some measures which command particular attention by virtue of the fact that they incorporate Community law, enacted as directives, into national legal and administrative regulations. One area which is again particularly remarkable in this respect—and this has been the case for some time—is that of dangerous substances which are now regulated largely by Community standards which must be constantly revised and adapted to scientific and technological progress. These in turn give rise to a continuous stream of new and often complicated regulations. Regulations on hydraulic equipment have likewise been adapted to a significant degree, and the Member States are now obliged, following the enacting of Community Directives, to comply not only with common technical production and test standards but also to guarantee the mutual recognition of

¹ Social Report 1977, point 222.

specific tests and licences. Similar new regulations are expected before long in several areas of machine safety.

Development of the situation in the member countries

Belgium

222. With regard to plant subject to supervision, the Royal Decree of 7 December 1979 amends those provisions of the General Industrial Safety Code relating to the selection and construction of fixed pipelines for the conveyance of oxygen and acetylene in order to align them with annexes A and B of the European Agreement concerning the carriage of dangerous goods by road.¹ The Royal Decree of 1 February 1980 on pressure vessels originating from or intended for a Member State of the European Community converts the corresponding Council Directive of 27 July 1976 into national law; it stipulates in particular that, subject to certain conditions, the monitoring of construction and the obligatory examinations for approval of pressure vessels intended for export to a Member State may be carried out by the competent inspection bodies of the country of construction.

The Royal Order of 19 September 1980 on safety signs amends and supplements the General Regulations on Health and Safety at Work with the aim of incorporating the Council Directive of 25 July 1977 on this subject into national law.

A Royal Order issued on the same date deals with the use of lifting equipment.

In the field of occupational health and hygiene, the Royal Decree of 9 April 1980 amends and supplements the legislation on dangerous substances and preparations. The Royal Decree of 20 May 1980 amends various provisions relating to works and inter-works medical services.

Work on reforms in the areas² mentioned in the most recent reports has continued and, in some cases, has almost reached completion. Preliminary work has been commenced in the following areas: shoes with non-slip soles; further training of heads of occupational safety services; safety committees in industrial zones; amendment of the regulations on containers for compressed, liquefied and pressurized gases.

¹ Accord européen relatif au transport de marchandises dangereuses par route.

² Social Reports 1978, point 219; 1979, point 216.

Denmark

223. The year under review saw the entry into force of a number of Ministry of Labour Orders which had already been enacted at the end of the previous year and some of which were amended at short notice. The first of these is the Order of 18 September 1979 on safety regulations for natural gas installations pursuant to the Industrial Safety Act, which sets out the conditions for the construction and operation of natural gas installations, the conditions for planning approval and inspection regulations. The main aims of the Order of 18 September 1980 on the smoke classification, marking and testing of welding electrodes are to eliminate health hazards to workers caused by air pollution due to the use of electrodes giving off excessive smoke and to ensure in the longer term that electrode manufacturers develop cleaner products. Finally, the Order of 13 November 1979 prohibits the manufacture, import and use of asbestos or materials containing asbestos; however, a whole range of products (excluding those containing crocidolite) is covered by transitional regulations, which expire in stages up to 1 January 1990 and cover in particular certain non-bound sealing materials, asbestos cement products used in building and collectors containing up to 60% asbestos by weight. Friction linings, bound sealing materials and bearing sleeves are permitted until further notice.

The Ministry of Labour Order of 22 February 1980 ratifying the agreement on container safety¹ lays down regulations on containers used in international transport (with the exception of air transport); they relate to the testing, approval, maintenance and safety marking of containers. The industrial inspectorate is currently preparing supplementary regulations in this field.

The Ministry of Labour Order of 30 April 1980 contains regulations on the execution of work on gas pipelines, relating to the instruction of workers, the use of breathing apparatus, the prevention of explosion and fire hazards on leaky gaslines, and monitoring.

The Notification of the Ministry of Labour of 13 August 1980 requires that occupational health services be set up in a further series of industries.

Further progress was made on the preparation of the regulations to implement the Working Environment Act.² Safety campaigns were conducted in the following fields: handling of electricity and welding in shipyards; occupational safety and

¹ JMCO — Agreement of 2 December 1972.

² Social Report 1978, point 220.

health; woodworking; safety in agriculture; painting in the motor vehicle industry; labelling regulations in the printing industry.

Federal Republic of Germany

224. Major additions have been made to the regulations on dangerous substances. The Order concerning work incidents of 27 June 1980, implementing the Federal Immissions Act, makes it compulsory for the operators of certain installations (especially those for the manufacture or storage of dangerous chemicals or other dangerous substances to take preventive measures to limit the effects of any incident or damage as much as possible. This applies both to the requisite safety installations and to organizational measures (e.g. drawing up a list of safety requirements and provisions, preparing plans for giving warnings and averting dangers, etc.). The Order on dangerous working substances of 29 July 1980 includes provisions on the marketing and handling of dangerous substances (in accordance with the EEC Directives) as well as on carcinogenic substances and materials which, since they are produced in large quantities or represent a particular hazard (e.g. carbon tetrachloride, abrasives, tin, basic slag, fluorine, oiling agents, ammonium nitrate), require specific work safety regulations; at the same time, the EEC Directives relating to the classification, packaging and labelling of solvents, paints and varnishes, printing inks, glues and so on, and to the protection of the health of workers exposed to vinyl chloride monomer were incorporated into national legislation. The Act on protection against dangerous substances (Chemicals Act) of 16 September 1980 is largely based on Directive 79/831/EEC and is aimed at protecting individuals and the environment from harmful effects by means of various prohibitions and restrictions and by making it compulsory to test and give notification of chemical substances and to classify, label and pack dangerous substances; for this purpose, the Act contains provisions granting wide-ranging powers to issue implementing regulations on the protection of labour, general health protection and environmental safeguards, in addition to the basic penal clauses. The supplementary EEC Directive regarding limitations on the marketing and use of certain dangerous substances and preparations was incorporated into national legislation by means of the Second Order pursuant to the Act on the safety of appliances of 26 November 1980.

Comprehensive new regulations concerning installations requiring supervision were introduced. The Order of 27 February 1980 replacing other Orders pursuant to § 24 of the Industrial Code contains, *inter alia*, a revised version of the Order on steam boilers, pressure gas (now the Order on pressure vessels) on lifts and on electrical plant in rooms subject to the risk of explosion (ElexV). The revision was made to simplify and update the regulations. In the process, the EEC Directives on

aerosol dispensers, electrical equipment for use in potentially explosive atmospheres and on general regulations for pressure vessels as well as procedures for testing these were incorporated. General administrative regulations of 27 February 1980, which replaced the general administrative regulations concerning Orders in accordance with § 24 of the Industrial Code were issued in conjunction with the above. They instruct the implementing bodies and experts as to the circumstances under which they should agree that the basic obligation contained in each Order to comply with the generally recognized rules governing technology has been met; furthermore they guarantee that tests in connection with steam boilers, pressure vessels and electrical equipment protected against explosions carried out by experts or inspection bodies from other EEC Member States are recognized by the responsible German authorities in accordance with the abovementioned EEC Directives.

The Order on testing stations pursuant to the Act of 2 January 1980 on the safety of appliances lists the testing stations authorized to carry out the type tests required in order to obtain the safety marking 'GS' (= safety tested).

As part of the action programme of research into the 'humanization of working life',¹ a number of research projects on occupational safety, health projection at work, ergonomic work design and organization of work were completed. On 1 August 1980, the Federal Centre for the Humanization of Working Life was set up at the Federal Institute for Labour Protection and Accident Research in Dortmund, in order to increase the practical implementation in industry of scientific knowledge gained so far.

France

225. The Act to promote the prevention of occupational accidents of 6 December 1976¹ was implemented by additional regulations. The Decree of 16 January 1980 set out the points to be dealt with by management in their report to company health and safety committees in order to enable such committees to fulfil their new task of analysing the risks to which workers are exposed at the workplace, as imposed by the Decree of 20 March 1979.² A circular of 17 January 1980 pointed out that this analysis—and this constitutes a new approach—should include potential risks and not be restricted to risks which become apparent through occupational accidents or diseases. The Decree of 12 March 1980 lays down—in accordance with the EEC Directive—special measures for protecting workers exposed to vinyl chloride

¹ Social Report 1975, point 227.

² Social Report 1979, point 219.

monomer; it specifies threshold values for average atmospheric concentrations within the areas monitored, describes methods for measuring these limit values and rules for the medical surveillance and special safety training of workers at risk. As regards the principle laid down by the legislation that safety must form an integral part of plans for machinery and its protective devices, the Decree of 20 March 1979 set out appropriate testing procedures;¹ three Decrees of 15 July 1980 laid down general health and safety regulations for machinery and its protective appliances; additional special requirements for particular types of machinery are in preparation.

A draft decree has also been drawn up setting out special regulations for the protection of workers against risks from electrical current in the construction, operation and maintenance of power stations. A decree extending the Decree of 28 September 1979 on the fireworks industry,¹ which lays down safe distances in the industry is to be published shortly.

The large-scale campaign to inform the public about the risk of accidents¹ started in 1979 in close cooperation with the Council for the Prevention of Occupational Risks, continued in 1980. Peak-hour television and radio broadcasts in April and May were concerned in particular with the task of company health and safety committees. A mass edition of a practical safety training manual was published and made available to those concerned. Two other brochures on the new regulations on toxic substances and dangerous machines are in preparation.

Ireland

226. The Safety in Industry Act, 1980, which amends and updates the Factories Act of 1955, will be brought into force progressively in consultation with both sides of industry. The more important features of the Act include those relating to the appointment of safety representatives and safety committees and the preparation of safety statements.

The Minister for Labour has made the following statutory instruments to control the conveyance by road of certain dangerous substances. The Dangerous Substances Declaration Order (1980) was issued on the basis of the Dangerous Substances Act, 1972, and declares 25 substances to be dangerous for the purposes of the Act. The Dangerous Substances Regulations, 1980, on the conveyance of scheduled substances by road (trade or business) Regulations 1980 provided for the protection of persons and property against risk of injury or damage in relation to

¹ Social Report 1979, point 219.

the conveyance by road of the substances listed in the Declaration Order. They augment the regulations controlling the storage, loading and unloading and conveyance by road of petroleum, which were brought into operation in September 1979; further augmenting regulations will be made. Regulations issued in 1980 gave effect to EEC Directive No 79/370/EEC on the classification, packaging and labelling of certain dangerous substances, and came into operation in July 1980.

Regulations to control the marketing and the use of polychlorinated biphenyls (PCBs) and polychlorinated triphenyls (PCTs) have been in operation since November 1979. Regulations are in preparation on abrasive wheels, electrical equipment for use in potentially explosive atmospheres (to give effect to the corresponding EEC Directives) and on diving operations. A Bill to provide for the safety, health and welfare of persons employed on offshore installations is being drafted, together with relevant sets of safety regulations.

Italy

227. On the basis of the Law on the Reform of the Health System, the Institute for Accident Prevention and Occupational Safety (*Istituto superiore per la prevenzione e la sicurezza del lavoro*) was created by Presidential Decree dated 31 July 1980. The Institute is under the control of the Ministry of Health. The technical committee of the Institute, which comprises representatives of the regional employers' and employees' organizations and the local authorities, also plays a consultative role in the areas 'Organization of work' and 'Occupational safety for women and young persons. Coordination will be ensured between the work of the Institute and the activities of other bodies concerned with occupational safety, environmental protection or protection of the population.

The work on the basis of the abovementioned Reform Law towards the achievement of an integrated occupational safety law has not yet been completed and in view of the complexity and difficulty of the subject is unlikely to be completed within the specified period.

By Ministerial Decree of 9 June 1980 the Minister of Labour recognized the validity of a safety system for live electrical work. By Ministerial Decree of 10 June 1980 the validity of safety systems for industrial ammonia refrigeration plants was recognized.

The following Circulars completed the measures taken in the field of occupational safety: Technical regulations for concrete casting machines—tunnel construction—(19 March 1980); Technical regulations for combine harvesters (7 May 1980); Regulations for the operation of self-propelled lifting platforms (15 May

1980); Regulations on the use of, *inter alia*, centrifuges operating with flammable solvents capable of producing explosive mixtures (23 June 1980); Technical regulations for mobile industrial handling equipment operated by standing drivers (31 July 1980).

Legislation is currently being prepared to allow the Government to lay down implementing regulations for the EEC Directives falling within the sphere of competence of the Minister for Labour and Social Affairs.

In compliance with the Law on the Reform of the Health System, several regions have also introduced regional laws on the organization and management of local health services (*Unità Sanitarie Locali*), which have been assigned specific responsibilities in the fields of accident prevention, health protection, safety and hygiene.

Luxembourg

228. No new safety and health legislation was enacted during the year covered by this Report. It should therefore be added from the previous year that, in accordance with the Law of 16 April 1979¹ on factories, etc. which are dangerous, endanger health or cause nuisances, the factories' inspectorate can impose medical examinations in order to guarantee workers' safety and health as a prerequisite for allowing firms to operate. In this way, occupational medical supervision can be extended, when necessary, to cover areas of special concern.

Preliminary work presently being carried out in the legislative field mainly concerns the incorporation of EEC Directives into national law. These include measures concerning the use of safety signs at the workplace, the marketing and handling of dangerous substances and the classification, labelling and packaging of colours, lacquers, printing inks, glues and other such substances including solvents.

The Netherlands

229. The Royal Decree of 4 July 1980 laid down that the Decrees on the bringing into circulation of dangerous substances and dangerous preparations (1979 and 1980) would come into force on 1 August 1981. These Decrees are implementing provisions for the EEC Directives on the classification, packaging and marking of

¹ Social Report 1979, point 222.

dangerous substances and preparations, including paints, varnishes, adhesives, printing-inks, etc.

The Royal Decree of 22 May 1980 laid down that the regulations on the safe operation of gas and oil burners and the regulations on safety and health in stonecutting, which replace the 1921 Stonecutters Act, would come into force on 1 July 1980. Also enacted were two regulations governing subsidies for the improvement of the working environment in cases not covered by previous legislation. One deals with heavy physical labour and the other with noise control during the production process.

The threshold values set out in the new 1980 list of MAC values for a whole range of noxious substances are applied by the industrial inspectorate on the basis of the 1938 Factories or Workshops Safety Order, which is based on the 1934 Safety Act.

The preparatory work for laws and regulations in the areas mentioned in the last Report¹ was continued. In particular, following approval by the Lower Chamber the bill for a Working Conditions Act is now before the Upper Chamber. Work is also under way on the following: regulations on the handling of toxic (carcinogenic) substances; classification of works which must draw up a safety report; safety signs at the place of work. Consideration is also being given to the possibility of a law governing safety and health in professional diving.

A 'Provisional Industrial Council' to act as the precursor of the Industrial Council to be set up under the abovementioned Working Conditions Act, was set up on 25 February 1980; one of its tasks is to advise the Minister responsible for social affairs on matters of occupational safety, health and welfare. Finally, the Government has drawn up a plan for framing a policy in the field of toxicology.

United Kingdom

230. 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 health services has been established, bringing the total of such committees up to nine.

The following Consultative Documents were published: Proposals for new regulations on homeworkers designed to control risk from materials or equipment provided for homeworkers; Proposals for amendments to the lists of scheduled works and noxious or offensive gases, to bring the responsibilities for the control of

¹ Social Report 1979, point 223.

industrial airborne pollution of the Alkali and Clean Air Inspectorate and the Industrial Pollution Inspectorate in Scotland more into line with modern developments; Proposals for changes in the fee structure and for increases in fees for statutory medical examinations carried out by Employment Medical Advisers; second Consultative Document on proposals for Dangerous Substances (Conveyance by Road) Regulations, covering road tankers and tank containers; Proposals for the metrication of legislation on toxic substances; Proposals to amend the Packaging and Labelling of Dangerous Substances Regulations 1978 to meet the requirements of several adopted EEC Directives dealing with the classification, packaging and labelling of Dangerous Substances, and Dangerous Preparations (solvents); Proposals for the Draft Agriculture (Modification and Metrication) Regulations. The Health and Safety Commission now include assessments of the costs and benefits of proposed new health and safety requirements in their consultative documents.

The Health and Safety (Fees for Medical Examinations) Regulations 1979 came into force in January; these provide for an increase in fees for the statutory medical examinations of workpeople. Most examinations are to detect increased lead absorption. The Health and Safety (Leasing Arrangements) Regulations 1980 came into force in August; these relieve leasing companies from duties imposed on them by Section 6 of the Health and Safety at Work, etc. Act. The Notification of Accidents and Dangerous Occurrences Regulations 1980 will come into force in January 1981, these are intended to simplify and extend the law on notification of accidents and dangerous occurrences at work.

No new primary legislation has been introduced in the field of health and safety at work during 1980. Since the introduction of the Health and Safety at Work (Northern Ireland) Order 1978,¹ safety legislation in Northern Ireland is similar to that in operation in the rest of the UK.

¹ Social Report 1979, point 224.

Chapter XI

Health protection

Legislation and measuring techniques in radiation protection

232. An important stage in bringing Community radiation protection policy up to date was marked by the issuing of 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. This directive will enable Member States to bring their legislation up to date in accordance with the latest scientific knowledge in radiobiology and radiation protection. In the meantime specific provisions have been drawn up or adopted.

In Denmark a proposal for a notice on exemptions from the law on radioactive substances was submitted to the Commission for its opinion under Article 33 of the Euratom Treaty. The National Institute of Radiation Protection (*Statens Institut for Stralehygiejne*) received two transfer chambers for the purposes of calibrating measuring instruments for radiation protection with international standards. The new units of measurement in radiation protection (Gray and Sievert) were introduced.

In the Federal Republic of Germany standards were published on discharge and effluent (discharge and environmental monitoring standards) from nuclear power plant, standards for fire-detecting equipment containing radioactive substances, a guide interpreting safety criteria for nuclear power plant, general principles on the training of research reactor staff and standards for the use of radioactive substances in medicine.

In France Act No 80572 was published on 25 July 1980 concerning the protection and control of nuclear materials in connection with the nuclear energy programme. Various decrees concerning official declaration of public interest, authorization for construction of installations and authorization for the discharge of liquid and gaseous radioactive effluents were published.

In Italy, a proposal concerning quality control for departments responsible for dosimetry is in preparation.

In the United Kingdom it is intended that the doses received by exposed workers should be recorded in a central registry. In addition it is proposed to draw up a protocol for tests to ensure that measuring instruments conform with radiation protection standards; it has been stated in particular that they should be calibrated with national standards. Workers likely to receive more than three-tenths of the limit doses will be examined to ensure that all exposure is kept as low as reasonably achievable.

In order to improve and harmonize measurement methods in radiation protection, an intercomparison programme has been set up by the Commission. The results of the most recent work concerned with beta dosimetry were announced at an information seminar organized jointly by the Commission and the Atomic Energy Commission, Nuclear Research Centre (*Commissariat à l'Énergie Atomique, Centre d'Études Nucléaires*) in Grenoble.

Monitoring of environmental radioactivity

233. As regards the general monitoring of environmental radioactivity provided for in Article 36 of the Euratom Treaty, Member States continued to operate their existing sampling and measurement networks in 1980.

Analysis of the data provided to the Commission on radioactivity in air and precipitation in 1979 and the early part of 1980 shows a general decrease in overall beta activity, quantities of ^{90}Sr , ^{137}Cs , ^{238}Pu and ^{239}Pu .

Monitoring of the contamination of various foodstuffs in Community countries takes the form of sampling basic foods. Priority was given to the measurement of ^{90}Sr and ^{137}Cs .

The ingestion of milk is generally the most important factor; for this reason it is subject to the most intensive monitoring, being regarded as an excellent indicator of fluctuations in the extent of radioactive contamination in man. The ^{90}Sr and ^{137}Cs measured in milk in 1979 were lower than those measured in 1978.

These quantities have no health consequences and amount to a minute fraction of the limit values for annual incorporation by 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 nine Member States are covered by a single report for 1979.¹

Health education

234. The Member States continued their health-education activities, directed in particular at smoking and nutrition. In cooperation with national experts and in accordance with the decisions taken on 16 November 1978 by the public health ministers of the Member States, the Commission defined common methods for assessing the efficacy of health-education campaigns in the Member States.

Smoking

All Member States continued with various forms of anti-smoking campaigns aimed at reducing the incidence of lung cancer, cardiovascular and respiratory disease and improving the general state of health of the population.

The general emphasis of the preventive strategy is on health education and regulations.

Increased warnings and some control on advertising have guided consumers towards cigarettes based on light blends with low tar and nicotine content. Large price increases have also been decided as a deterrent.

In general the number of smokers has dropped considerably; however, the proportion of persons who have given up smoking is lower among young people and women than among adults and men.

In Belgium two royal orders have strictly limited advertising, which is now banned on radio and television; in publications for young people and in public places. The distribution of samples is also prohibited.

In Denmark the emphasis has been on information campaigns. In addition an attempt has been made to deter smokers by increasing prices.

In the Federal Republic of Germany emphasis has been laid on health education in schools. Parallel efforts have been undertaken to make parents and educators aware of these problems.

¹ EUR 7032—Results of environmental radioactivity measurements in the Member States of the European Community for air—deposition—water—milk, 1979.

In France there has been special action to educate young people, making use of new knowledge of the psychosociology of smoking (use of the mass media, teaching materials, etc.). In addition there have been considerable efforts to enlist doctors in the campaign against smoking. Another a campaign against excessive advertising has been launched. The French Government is trying to change consumer habits by raising the price of tobacco products.

In Ireland measures have been taken to restrict advertising (labelling information) and epidemiological research is being conducted in order to assess the social cost of smoking.

In Italy information campaigns are under way to make smokers aware of the dangers and persuade them to stop smoking; their purpose is also to identify factors likely to ensure that the campaigns are as effective as possible.

In Luxembourg a bill has been drafted to prohibit smoking in certain public places (hospitals, waiting-rooms, museums, etc.).

In The Netherlands special measures as regards packaging were decided in January 1980, one requirement being that the nicotine and tar content should be shown on packets. A study-group is at present drawing up a plan of action for the protection of non-smokers.

In the United Kingdom there is an increasing trend towards protecting non-smokers, informing consumers by explicit warnings on cigarette packets and the preferential promotion of low-tar cigarettes.

Nutrition

In the Member States public information and education on nutrition is provided via the mass media (television, radio, the press, etc.). The emphasis is on practical advice in order to encourage good eating habits and balanced diets and combat obesity. There is a widespread demand for information on diet and the public are most receptive, which contrasts with their attitudes to the anti-smoking campaign.

In Belgium in addition to the overall measures directed at the population in general, special efforts are made as regards particular group: old people, migrant workers, pregnant women, etc.

In Denmark the aim has been to counteract obesity and sedentary life-styles and to demonstrate the need for physical exercise and good eating habits. People are advised to eat more fruit and vegetables and cut down their sugar intake.

In the Federal Republic of Germany young people are adopting healthier eating habits (in particular they consume less fat). There has also been research on the

physiological and medical aspects of nutrition. The *Deutsche Gesellschaft für Ernährung* (German Nutrition Association) has drawn up an analytical report on the information available in the Federal Republic of Germany.

In France information campaigns via the usual mass media (television, radio and information brochures, etc.) have been started to provide health information and education for as many people as possible. Particular efforts have been directed at school-age children and migrant workers.

Emphasis needs to be placed on the French Government's attempts to guarantee the safety and reliability of foodstuffs.

In Ireland, there are regular television and radio programmes on dietary matters. Brochures are published by the Health Education Bureau concerning recommended calorie requirements (according to age, sex and work), physical exercises and eating habits.

Italy has just introduced dietics into the first cycle of secondary education.

In Luxembourg the Ministry of Public Health has issued a series of multilingual brochures (multilingual because of the large number of resident foreigners) to give clear information for different age-groups and categories of the population concerning definite and specific dietary matters.

In The Netherlands the emphasis has been on information to the consumer via appropriate labelling, which invites the public to balance their food intake. Particular efforts have been devoted to migrant workers.

In the United Kingdom great efforts have been made to modify individual behaviour and various publications have been issued by the Health Education Council.

Mutual health assistance

235. In connection with mutual health assistance in the event of disasters or particularly serious accidents or diseases, the results of the survey conducted among health authorities in the Member States were examined.

There were discussions about making an inventory of heavy and specialized medical equipment.

The following aims have been achieved:

I — Bilateral agreements

- (1) There are bilateral assistance agreements of all types between the Member States. The Commission has a list of agreements on medical transport between frontier regions, the treatment of severe burns cases, severe cases of irradiation, etc.
- (2) The Member States and the Commission are examining whether the agreements are effective and whether new ones should be drawn up for possible emergencies.

II — Technical aspects

Specialized laboratories (virology)

There are specialized laboratories in all Community countries. The best equipped is at Porton Down in the United Kingdom and it has agreed to perform biological analyses for other member countries.

Nuclear accidents

There are special treatment centres in all Community countries except Ireland and the Grand Duchy of Luxembourg. Because of earlier experiences, persons exposed to high doses of irradiation are sent to the Curie Foundation in Paris. Since 1965, the Foundation has received patients from Belgium, Italy and the Maghreb.

Severe burns cases

Although all countries except Luxembourg have specialized centres, there are agreements in frontier areas so that severe burns cases receive the highly specialized care they need as quickly as possible.

Exchange of information

The Commission has ensured that all the epidemiological information available in the Member States is made available to the various public health authorities as soon as possible.

Stocks of vaccine

The authorities responsible for public health in the Member States and the Commission have discussed what types of vaccine should be stocked in order to protect high-risk and priority groups as quickly as possible.

Availability of drinking-water

There may be a drinking-water problem as a result of certain disasters and catastrophes. The Commission has asked Member States to give details of the assistance they could provide if such a situation arose (especially mobile water purification units).

Medical card

236. Mobility across frontiers for reasons of work or tourism is on the increase. In order to allow people to take full advantage of all available medical assistance, various Member States are working on the introduction of medical cards.

A trilingual (English, French, German) emergency medical certificate has been introduced in the Federal Republic of Germany and Luxembourg mainly for persons subject to particular risks, i.e. suffering from severe or chronic diseases. It is optional, respects medical confidentiality and has been of practical value.

In Belgium the idea of a medical card for all members of the population is now being studied.

The French Government is not opposed to the idea of individual medical cards, provided it is made clear that the persons concerned obtain such card and carry it on their person entirely of their own free will.

In the United Kingdom there are various types of cards recommended by different bodies, UK preferences, however, are for a card aimed principally at giving free access to emergency care in all European countries.

The other Member States thought that the provisions in the countries mentioned were useful and should be studied with a view to taking action at national level. However, there is no unanimity at present on the aims or the contents of such a card.

List of tables

1	Readaptation of workers (ECSC credits)	18
2	Appropriations for commitments (ESF)	19
3	Applications approved (ESF)	20
4	ECSC subsidized housing — Situation at 31 December 1978	24
5	Completed housing and proportion of subsidized dwellings	126

Summary of contents

A — GENERAL AND POLITICAL INTRODUCTION	5
B — OUTLINE OF ACTIVITIES BY THE INSTITUTIONS OF THE EUROPEAN COMMUNITIES IN THE SOCIAL FIELD IN 1980	11
Main developments	13
Employment	13
Labour market policy	14
— Employment of young people	15
— Vocational training	15
— Exchanges of young workers	16
— Equal treatment of men and women	16
Freedom of movement of workers	17
Readaptation of workers in ECSC industries	17
European Social Fund	18
Social protection	21
Social security and the fight against poverty	21
Social security for migrant workers	21
Natural disasters	22
Living and working conditions — Labour law	22
Wages and the organization of work	22
Labour law, industrial relations and participation of the two sides of industry	23
Housing	24
Social services and family matters	25
Health and safety	25
Public health	25
Radiation protection	25
Health aspects of the environment	26
Safety, hygiene and health protection at work	26
ECSC social research	27
Mines Safety and Health Commission	27
Handicapped persons	28
Paul Finet Foundation	28
Interpretation and application of the social provisions by the Court of Justice	28
— Social security for migrant workers	28
— Equal pay for men and women	31

Summary of contents

A — GENERAL AND POLITICAL INTRODUCTION	5
B — OUTLINE OF ACTIVITIES BY THE INSTITUTIONS OF THE EUROPEAN COMMUNITIES IN THE SOCIAL FIELD IN 1980	11
Main developments	13
Employment	13
Labour market policy	14
— Employment of young people	15
— Vocational training	15
— Exchanges of young workers	16
— Equal treatment of men and women	16
Freedom of movement of workers	17
Readaptation of workers in ECSC industries	17
European Social Fund	18
Social protection	21
Social security and the fight against poverty	21
Social security for migrant workers	21
Natural disasters	22
Living and working conditions — Labour law	22
Wages and the organization of work	22
Labour law, industrial relations and participation of the two sides of industry	23
Housing	24
Social services and family matters	25
Health and safety	25
Public health	25
Radiation protection	25
Health aspects of the environment	26
Safety, hygiene and health protection at work	26
ECSC social research	27
Mines Safety and Health Commission	27
Handicapped persons	28
Paul Finet Foundation	28
Interpretation and application of the social provisions by the Court of Justice	28
— Social security for migrant workers	28
— Equal pay for men and women	31

C — SOCIAL DEVELOPMENTS IN 1980	33
Chapter I — Employment	35
<i>Trends within the Community</i>	35
<i>Development of the situation in the member countries</i>	37
Belgium	37
Denmark	39
Federal Republic of Germany	40
France	43
Ireland	45
Italy	47
Luxembourg	49
The Netherlands	50
United Kingdom	52
Chapter II — Vocational guidance and vocational training	55
<i>Trends within the Community</i>	55
<i>Development of the situation in the member countries</i>	56
Belgium	56
Denmark	57
Federal Republic of Germany	59
France	61
Ireland	62
Italy	63
Luxembourg	65
The Netherlands	66
United Kingdom	68
Chapter III — Industrial relations	71
<i>Trends within the Community</i>	71
<i>Development of the situation in the member countries</i>	74
Employee representation	84
Trade union unification	87
Chapter IV — Working conditions and labour law	89
<i>Trends within the Community</i>	89
Working conditions and work organization	89
Labour law	90
<i>Development of the situation in the member countries</i>	91
Working conditions	91
Labour law	96
Chapter V — Wages, incomes and asset formation	103
<i>Trends within the Community</i>	103

<i>Development of the situation in the member countries</i>	105
Belgium	105
Denmark	107
Federal Republic of Germany	109
France	111
Ireland	112
Italy	114
Luxembourg	115
The Netherlands	117
United Kingdom	119
Chapter VI — Housing	121
<i>Trends within the Community</i>	121
<i>Development of the situation in the member countries</i>	122
— Housing requirements, building programmes, dwellings completed	124
— Building costs	124
— Rents	125
— Reconstruction and modernization	129
— Town and country planning	131
Chapter VII — Family affairs	133
<i>Trends within the Community</i>	133
<i>Development of the situation in the member countries</i>	134
Belgium	134
Denmark	135
Federal Republic of Germany	136
France	137
Ireland	138
Italy	139
Luxembourg	140
The Netherlands	140
United Kingdom	141
Chapter VIII — Social welfare services	143
<i>Trends within the Community</i>	143
<i>Development of the situation in the member countries</i>	144
Belgium	144
Denmark	144
Federal Republic of Germany	145
France	146
Ireland	147
Italy	148
Luxembourg	148
The Netherlands	149
United Kingdom	149
Chapter IX — Social security	151
<i>Trends within the Community</i>	151

<i>Development of the situation in the member countries</i>	153
Belgium	153
Denmark	154
Federal Republic of Germany	155
France	155
Ireland	157
Italy	157
Luxembourg	158
The Netherlands	159
United Kingdom	160
Chapter X — Safety, hygiene and health protection at work	161
<i>Trends within the Community</i>	161
<i>Development of the situation in the member countries</i>	162
Belgium	162
Denmark	163
Federal Republic of Germany	164
France	165
Ireland	166
Italy	167
Luxembourg	168
The Netherlands	168
United Kingdom	169
Chapter XI — Health protection	171
Legislation and measuring techniques in radiation protection	171
Monitoring of environmental radioactivity	172
Health education	173
— Smoking	173
— Nutrition	174
Mutual health assistance	175
Medical card	177
List of tables	179

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Every April the Commission publishes its annual Social Report, which gives an outline of the main developments in the social field during the past year which have taken place in the nine countries of the European Community.

In January the preliminary draft of the publication is the subject of two meetings for consultation: one with Government experts and one with experts from the two sides of industry at European level.

The introduction (Section A), of a general and political nature, outlines the prospects for the near future on the basis of an analysis of the present social situation and provides a summary of Community activities in the social field in 1980.

An analytical outline (Section B), follows, giving details of these activities which cover a wide range at European level: they include collaboration with both sides of industry, employment policy, the functioning of the European Social Fund, policies concerned with improving living and working conditions, the extension of social protection, and health protection policies.

The development of the social situation (Section C) in the nine Member States is contained in eleven 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, marks out the trends within the Community as a whole, whilst the second, which is of a descriptive nature, outlines the specific developments in the social field during 1980.

A list of tables and a summary of contents provide for easy consultation of the volume.