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Contents

General and political introduction	5
Development of an employment promotion strategy	8
Reform of the European Social Fund	18
Social security problems	20
Measures to safeguard health and safety at work	21
The 'social dialogue' and the outlook for future action	23
Social developments in 1982	27
Chapter I — Employment (including migrant workers)	29
Chapter II — Vocational guidance and training	51
Chapter III — Industrial relations	67
Chapter IV — Working conditions and labour law	81
Chapter V — Wages, incomes and asset formation	93
Chapter VI — Housing	107
Chapter VII — Family affairs	117
Chapter VIII — Social aid and welfare services	127
Chapter IX — Social security	135
Chapter X — Safety, hygiene and health protection at work	147
Chapter XI — Health protection	157
Summary of contents	165

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

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

General and political introduction

General and political introduction

1. Evaluating the economic and political context for Community action in his programme address to the European Parliament on 16 February 1982, the President of the Commission identified the employment problem as the priority target for the Commission's efforts.

Unemployment had passed 9.2% of the labour force by the end of 1981 and must, the President asserted, be made the focal point of concern in order to 'avoid leaving our young people a legacy of nothing but submission and humiliation'.¹ A year on, the situation has deteriorated yet further, with the unemployment total rising from 10.2 million to approximately 12 million by the end of 1982. Not only did the economic recovery fail to materialize but the outlook remained bleak as the year drew to a close. With a further year added to the already prolonged period of recession, the dangers have become yet more acute.

The process of deindustrialization continued to make disquieting progress in certain sectors and geographical areas, bringing with it an increase in the danger of relative economic decline and severe social unrest, especially in the urban centres most seriously affected.

2. The Community as a whole has not, however, remained inactive in the face of the difficulties created by this situation. Leaving aside the statistics—though without forgetting that these reflect countless individual tragedies and frustrated endeavours—a number of promising developments can be cited. At the general policy level, 1982 saw a confirmation of the trend towards acceptance by the Member States of a Community strategy for tackling economic and social problems. For its part, having initially outlined the essentials of such a strategy, the Commission progressively added flesh to the bare bones, emphasizing in particular the extension of activities begun pursuant to the mandate of

¹ Programme of the Commission for 1982-83, programme address, p. 14.

30 May 1980.¹ Whilst aimed at strengthening European integration and promoting economic recovery, the Commission's endeavours also have a clear social purpose: to stem the rising tide of unemployment and initiate a strategy which will bring a lasting improvement in the employment situation via healthy economic growth—the essential precondition for better standards of living.

To this end, the Commission indicated in its outline programme for 1983-84² that it regarded employment policy and social solidarity as one of the areas of priority action. More specifically, it stressed the need to revise the rules governing the operation of the Social Fund with a view to broadening the scope for Community intervention, especially in favour of young people. Again in connection with the employment question, the Commission drew attention to the desirability of investigating the problems associated with social security. Finally—and perfectly logically—the Commission asserted its intention to continue its action on safety and health at work.

Development of an employment promotion strategy

3. Politicians of all colours and representatives of the two sides of industry are unanimous in regarding the employment problem as a matter of increasingly pressing urgency. As the President of the Commission indicated in his address to Parliament at the beginning of 1982, the Commission attaches the greatest importance to the battle against unemployment, recognizing that a further deterioration in the situation would constitute a potential threat to social stability.

For its part, the European Council emphasized, in the conclusions to its meeting on 30 March 1982, the need to promote investment and combat unemployment, acknowledging that the growth of the latter was creating an intolerable situation. The whole of the year under review was in fact characterized by increasingly insistent demands for action on the employment front. Aside from the unceasing pressure on the authorities exerted by the workers' representatives—and on occasion by the workers themselves—these demands also found expression on the streets, accompanied by sporadic outbreaks of violence. As well as representing a gross waste of human resources and a source of hardship, unemployment accentuates the divisions within society, having a disproportionately severe impact on those groups already in the most vulnerable situation on the labour market: young people, women, the handicapped and older workers.

In the case of young people under 25 years of age, unemployment had reached a wholly unacceptable level in all Member States by late 1982. With more than

¹ Supplement 1/81—Bull. EC.

² Programme of the Commission for 1983-84, point 6.

4.5 million young people unemployed—1.7 million of them for more than 6 months—the risk of social marginalization for a large number has become excessive. Where this group is concerned, action to improve the employment situation must be immediate and specific. It must nevertheless form an integral part of a strategy taking account of all factors favourable to employment, as must the measures taken to benefit the unemployed in general.

4. In the context of this employment promotion strategy, the Commission deliberately laid the emphasis in 1982 on the revival of investment activity. This in no sense implied the abandonment of the Commission's convergent activities in relation to monetary policy and the long process of industrial restructuring. The attempt to encourage an investment recovery reflected a conscious policy decision aimed at the creation of additional permanent jobs. First in a communication to the European Council on 28 and 29 June 1982 analysing the decline in investment in the Community,¹ and later in a communication to the Council on initiatives aimed at promoting investment,² the Commission endeavoured to convince the Member States that any employment promotion strategy worthy of the name must necessarily include vigorous action to encourage investment.

The report on the economic and social situation in the Community presented to the Copenhagen European Council (3-4 December 1982)³ reiterated this point, asserting that, in the context of efforts to achieve structural improvements, 'the establishment of modern and competitive manufacturing and service industries within a sound economic framework, are the best weapons in the fight against unemployment'.

5. Having said this, the gravity of the unemployment situation—the worst encountered in the post-war period—is such as to necessitate the implementation on a comparable scale of more specific measures aimed at making the maximum possible number of jobs available and facilitating access to new jobs, particularly in those sectors which are beginning to feel the benefit of the current technological revolution. Whatever the inherent value of structural policies designed to bring European industry into line with the requirements of international competition, they cannot by themselves simultaneously provide an adequate response to the problems associated with the human factor.

In 1982, therefore, the Commission also intensified its efforts to identify new areas for the expansion of employment, notably via local initiatives, small and

¹ COM(82)390 final, 16.6.1982.

² COM(82)641 final, 8.10.1982.

³ COM(82)800 final, 24.11.1982.

medium-sized firms and cooperatives. At the same time, steps were taken with a view to improving the organization of the labour market, notably via consideration of the possible features of forward-looking employment management systems. The Commission also took major initiatives in the field of vocational training and with a view to the reduction and reorganization of working time. With regard to young people, it suggested the adoption of special measures to expand the scope for their employment. Finally, the Commission directed its attention towards the problems of those regions most severely affected by unemployment, endeavouring within the framework of the European Regional Development Fund Regulation (quota section) to promote the creation and preservation of jobs¹ in the disadvantaged regions (via measures including the construction of vocational training centres) and working on two series of specific Community regional development measures under the non-quota section of the ERDF. The first of these was approved by the Council on 7 October 1980 and is now being implemented, whilst the second—concerning regions affected by the decline of the textile and steel industries and certain disadvantaged regions (Southern France, the Mezzogiorno and Greece)—is currently under consideration by the Council.

The Commission has succeeded in persuading the Council to commit itself in principle on a number of these subjects, which were considered by the Standing Committee on Employment at its meeting on 27 April 1982. Attention should be drawn in this connection to the Council Resolution of 12 July 1982 on Community action to combat unemployment.²

The particular interest of this Resolution lies in the fact that the main elements of an employment promotion strategy are at last brought together as an integral whole and acknowledged as policy objectives both by governments and by the two sides of industry.

6. To begin with, it is an incontrovertible fact that modern industrial societies are hampered in their attempts to create more jobs by the lack of growth and the impact—already beginning to be felt—of new technologies on production processes, trade and communications. Recognition of this fact should lead us to seek new forms of activity with potential for the future. As in preceding years, a wide range of local initiatives were pursued during 1982—some relating to craft activities or traditional businesses and others to the application of new technologies. These initiatives deserve more than simple encouragement.

¹ Sixteenth General Report, points 331 and 339 to 348.

² OJ C 186, 21.7.1982.

If they are to survive and develop, local initiatives need logistical support facilities whose extent and nature the Commission is currently endeavouring to evaluate. Broadly speaking, the aim will be to provide people setting up businesses with assistance or information as regards access to credit facilities, market research, staff training and the acquisition of know-how. Local initiatives also merit material assistance and steps will need to be taken in many cases to make such assistance available or more readily accessible. In addition, aside from the logistical and material facets of the question, the Commission can help to promote the entrepreneurial spirit, which is particularly likely to surface in small and medium-sized firms. In addition to their role in maintaining effective competition and their contribution to economic growth, the latter should also make a growing contribution to job creation.

Another matter referred to in the abovementioned Council Resolution is the question of improving the functioning and transparency of the labour market. There is no doubt that labour market policies are very diverse and involve highly complex patterns of interaction. Aside from the public authorities, the two sides of industry and a variety of private-sector bodies and individuals are active in this field using a wide range of instruments (legislative or regulatory provisions, financial incentives, information and guidance).

As far back as the beginning of 1982, the President of the Commission stated that the Community must 'maintain an unflagging search for ways of stimulating demand for labour, making recruitment easier and eliminating difficulties caused by administrative formalities, legal requirements and traditions'.¹

The Commission then proceeded—step-by-step as it completed its analysis of the various facets of the problem—to promote the view that effective forward-looking employment management, improved access to available jobs and adequate training provision will not be possible without active participation by the two sides of industry—especially at local labour market level. It was with this in mind that the Commission continued its investigation of the various aspects of the functioning of the labour market throughout 1982. Further consideration will be given to these matters—with due weight accorded to the question of vocational training—in the context of discussions with employer and worker representatives during 1983.

7. As regards vocational training for young people, this now stands at the centre of the employment strategy set out in the outline programme adopted by the Commission in February 1982. Whilst the new technologies have the potential to bring a radical qualitative improvement in production and trading perfor-

¹ Programme of the Commission for 1982-83, programme address, pp. 16 and 17.

mance, workers must first acquire the skills to master them. The Commission's communication to the Council on vocational training and new information technologies¹ underlined the twin challenges facing the Community in this context. On the one hand is the need for the individual worker to 'be able to add new skills and competences throughout his or her working career'. This means that a 'strategy of continuing education and training is therefore an essential prerequisite to achieve the necessary flexibility and adaptability of the workforce'.

On the other hand, given that the radical changes brought about by the new information technologies are bound to extend into the fields of leisure activities and consumer goods and services, their impact will be felt by the whole of the labour force—and perhaps indeed by the whole of society. A major effort must therefore be undertaken with a view to making the new information technologies socially acceptable.

Specifically as regards the negotiation, information and consultation rights of worker representatives, two possibilities have been identified and will need to be considered in detail by the Commission: a joint declaration by the two sides of industry concerning these rights or a legal instrument. At all events, it seems clear that one of these two solutions will have to be adopted, such is the extent of the challenge posed by the introduction of new technologies in firms and the resulting changes in working conditions.

In the meantime, the Commission has proposed a series of initiatives in the fields of education and vocational training aimed at complementing and reinforcing national efforts with regard to training in the new technologies. These initiatives relate in particular to small and medium-sized firms, large firms in the services sector engaged in the progressive introduction of automated techniques of administration and management, the exploitation of new information technologies as a tool for vocational and non-vocational training and information activities. The Commission is also engaged in the production, under a new budget item,² of descriptive analyses of the Member States' requirements as regards the training of environmental protection specialists and of the scope for creating jobs in this field.

In the short run the Commission is endeavouring to improve the situation as regards information and consultation rights for workers within the more general context of work on the proposal for a Directive concerning undertakings with complex structures, in particular transnational undertakings (the 'Vredeling' proposal). The scope of this proposal clearly extends far beyond the effects of new technologies on the organization of firms, its aim being rather to bring a

¹ COM(82)296 final, 3.6.1982.

² Sixteenth General Report, point 349.

fundamental improvement in industrial relations. It is, nevertheless, directly relevant to the impact of the new technologies, since the disclosure requirements embodied in the Commission's proposal concern subjects such as production, investment and rationalization programmes, production processes and new working methods.

8. In another connection, October 1982 saw the transmission to the Council of a proposal for a five-year action programme to be financed to a large extent by the Social Fund. The proposed programme centres on three major priorities of universal interest:

- (i) the social and vocational preparation of young people for adult life;
- (ii) the implementation of training programmes aimed at ensuring greater equality of opportunity for women;
- (iii) the planning and organization of training measures at local and regional level.

The aim of this highly ambitious programme, entitled 'Vocational training policies in the European Communities in the 1980s',¹ is to equip the citizens of Europe to meet the major challenges of our time. To begin with, individuals must be capable of keeping up with a process of economic and technological change which is both exceptionally swift and unprecedented in its scale. Secondly, action must be taken to ensure the provision of training and guidance services which meet the real needs of locally-based entrepreneurial activities and thereby foster the development of local economic potential.

Thirdly, training should be used as an instrument to assist individuals in managing their own working lives with greater flexibility, thus facilitating the acceptance of other changes in the organization of work. Fourthly, training and re-training provision must be directed towards helping individuals to exploit their full potential as a resource for society and maximizing their chances of re-employment and/or advancement, even where job prospects do not seem promising. Finally, action must be taken to facilitate the transition for young people from education to adult and working life, especially against the background of the present economic recession.

With regard to this last aim, special attention should be directed, in the context of the review of the Social Fund and the formulation of Community policy *vis-à-vis* vocational training, to the introduction of a 'social guarantee' designed to

¹ COM(82)637 final, 21.10.1982.

ensure that all young people leaving full-time compulsory education have the opportunity to undertake training and work experience.

Referring to this 'social guarantee' in a speech given before an audience of young people at the European Youth Forum on 24 November 1982, Mr Richard, the Member of the Commission with special responsibility for social affairs, reiterated the Commission's view that by a given target date, for instance within a period of five years, all young people who so wished should have unconditional access to:

- (i) a full-time programme of social and vocational preparation for working life during an initial one-year period immediately after the end of compulsory schooling, and
- (ii) an entitlement to the equivalent of a further one-year period of vocational training to be used on a full-time or part-time basis before reaching the age of 25.

9. Thus conceived, vocational training policy constitutes a functionally integrated facet of an overall strategy taking account of the nature of jobs in the future, which will in all probability be very different from traditional job profiles.

Another important aspect of the changes in job profiles will no doubt be the progressive reorganization of working time and, more specifically, the repercussions which the latter will have on the organization of work. The Commission having come out firmly in support of the reorganization of working time, the Council expressed cautious approval at its meeting on 12 July, placing measures of this type in the context of efforts 'to achieve a more flexible use of productive capacity and to improve the employment situation'. The major progress on this front came during the second half of the year, however. The principle of measures to reorganize working time received the seal of approval at the Joint Council meeting of Ministers of Economic Affairs, Finance and Social Affairs on 16 November, subject to certain conditions concerning the maintenance of the competitive capacity of firms, the nature of certain production activities and the labour market situation.

In any event, the memorandum on the reduction and reorganization of working time¹ approved by the Commission towards the end of 1982 constitutes a response to the wishes expressed by the Council of Ministers of Social Affairs on 27 May, by the Joint Council on 16 November and, more recently, by the European Council on 3 and 4 December 1982. Above all, however, the aim of this

¹ COM(82)809, 10.12.1982.

memorandum is to underline the fact that, in the face of an ever-worsening unemployment situation, the Community should take positive action to support and encourage the reorganization of working time, not simply as a means of improving living and working conditions but as an instrument of economic and social policy.

Having thus defined the broad policy framework, special mention should also be made in this same context of two proposals for directives—the (amended) proposal on voluntary part-time work and the proposal on temporary work.¹

As far as the Commission is concerned, whatever the practices on the labour markets of some countries, these proposals are primarily aimed at protecting workers and safeguarding certain of their fundamental rights. If adopted, they would also eliminate discriminatory practices, improve the competitive capacity of firms and encourage workers to opt for part-time work by improving the status of the latter.

At all events, the Commission cannot countenance any erosion of workers' rights or working conditions, nor even the continuation of existing improper or discriminatory practices, as the price for supposedly safeguarding jobs. In other words, where jobs are to be preserved or created, workers' rights must be respected—and preferably consolidated or improved.

10. Job creation is thus the overriding imperative.

Although unemployment began to worsen in all sectors in the autumn, rising steeply in virtually every Member State to attain levels bordering on the politically unacceptable, it was from the ranks of the young unemployed, who account for about 40% of the total jobless, that the most urgent call for action was heard. The Commission lost no time in drawing up special measures to help this group, which are outlined in the communication presented to the Joint Council meeting of 16 November.²

At a meeting of the Standing Committee on Employment held a few days previously, the Commission had drawn attention to the particular problems young people encounter on the labour market, namely finding employment in the first place and holding down their jobs once obtained.³ Indeed, all the evidence in 1982 pointed to increasing insecurity for young people on the labour market. This disquieting problem, due to a variety of factors which the Commission is still in the process of identifying, can accentuate an already widespread feeling among young people that they are misfits on the labour market and in society at

¹ Social Report 1981, points 5 and 24.

² COM(82)719 final, 10.11.1982.

³ COM(82)661 final, 14.10.1982.

large. The Commission has therefore underscored the need to provide more durable employment for the young, in particular by concentrating financial assistance or government support on the provision of stable jobs.

11. In its approach to tackling the problems facing young people and women in general, the Commission has always taken pains to point out that the effects of the recession are more keenly felt by those groups who already occupy an underprivileged position in the economy. This insight has prompted the Commission to envisage a number of remedial measures. These include the combination of flexible retirement arrangements with schemes to recruit young people in full-time or part-time jobs and the application of the results of experiments conducted by certain firms offering young people forms of employment other than full-time work.

Throughout 1982 the Commission took steps to implement the various facets of the new Community action programme on the promotion of equal opportunities for women, which the Council adopted on 12 July.¹ In so doing, it cooperated closely with the Advisory Committee on Equal Opportunities for Women and Men.² In addition, the Commission conducted a thorough investigation into infringements by Member States of Community legislation on equal treatment in the social field, taking strict measures in the event of non-compliance.

On 1 July the Community system of social security for migrant workers was extended to cover the self-employed.³ Generally speaking, however, migrant workers—whether wage-earners or self-employed—are having to grapple increasingly, and often to a greater extent than host country nationals, with the constraints of the current economic situation.

This also goes for the handicapped, for whom social integration is proving a more difficult and more precarious undertaking. The Commission had set itself the task of providing a greater measure of assistance to this group, and to achieve this objective it has opened a special administrative unit to promote measures to help the handicapped. The activities of this unit are steadily expanding. In tackling the problem at its roots, the Commission has made progress in the implementation of a network of pilot schemes on the social integration of the handicapped, set up under the action programme adopted by the Council in its Resolution of 8 December 1981.⁴

¹ OJ C 22, 29.1.1982; Social Report 1981, point 14.

² OJ L 20, 28.1.1982.

³ Social Report 1981, point 10.

⁴ Social Report 1981, point 13.

Leaving aside the problem of finding practical solutions, the effect of which will not be felt overnight, the plight of these disadvantaged groups calls for a show of Community solidarity *vis-à-vis* the least favoured sections of the population. The Commission is bound to stress that a Community whose prime objective is to seek a steady improvement in the living and working conditions of its citizens cannot be built solely on economic integration but must also be sustained by a spirit of solidarity.

12. When more than one in five young people are without a job and when formerly prosperous industrial areas are decaying, it is quite clear that the very foundations of society itself are in jeopardy. It is precisely this message that members of the Commission have repeatedly sought to put across. Moreover, the Commission has seen it as its specific duty to come to the assistance of workers in regions or sectors particularly hard hit by industrial restructuring and conversion to other economic activities. The steelmaking areas of the Community are among the most striking examples of regions thus affected.

For a number of years the Commission has been coming to the assistance of workers in ECSC industries faced with the partial or total closure of their plants, in particular by providing aid towards vocational training or retraining in activities with sounder economic prospects. Workers who remain unemployed are entitled to a temporary tideover allowance paid by the Commission to the Member State concerned. Given the crisis confronting the steel industry, the Commission has decided to step up its traditional redeployment measures for workers in this industry.

For this purpose it has, with the Council's agreement, implemented a programme of social measures spread over several years and consisting of special aid to cushion the impact of rationalization measures on jobs, partly by means of temporary short-time working, but more particularly through an early retirement policy.

Although the Commission was able to ensure the implementation of this programme by allocating to it funds which totalled 162 million ECU by 31 December 1982, the social problems associated with the restructuring measures described in the document 'General Objectives—Steel, 1985',¹ coupled with the employment difficulties in the mining sector, will continue to necessitate a major and exceptional injection of funds which cannot be covered by regular resources available under the ECSC Treaty.

At the same time, the Commission has stated its intention to make use of the full panoply of Community financial instruments and this, coupled with new

¹ SEC(82)1564 final, 28.10.1982.

conversion techniques geared to a greater extent to the small business sector, should contribute substantially to improving the employment outlook in the regions concerned.¹ Furthermore, the measures envisaged will be complemented by the adoption of new rules on the operation of the European Social Fund.

Reform of the European Social Fund

13. The European Social Fund, a key instrument of Community action in the social field, was set to be reviewed by the Council before the end of 1982 in accordance with the Council Decision of 1 February 1971.² Social Fund assistance, which is designed to alleviate the difficulties encountered by certain social groups as a result of economic changes due above all to the functioning of the common market, amounted this year to some 1 534 million ECU, which went part of the way towards satisfying the substantial need for aid throughout the Community to cope with the situation on the labour market. The bulk of the assistance was allocated to employment and vocational training schemes for young people and workers in regions hit by long-term employment problems, but substantial aid was also made available for programmes to help women, the handicapped and migrant workers and promote technical progress and industrial restructuring. In its outline programme for 1982-83, the Commission had announced that new tasks could be assigned to the Social Fund in the light of overall employment trends alongside existing measures to promote vocational training.³

With a view to enabling the Social Fund to play a more dynamic and creative role in enhancing job prospects, therefore, the Commission proposed amendments to the Fund's operation and rules. Thus, on 15 October the Commission presented an opinion to the Council on the review of the Fund, accompanied by a proposal for a Regulation to implement the Council Decision on the tasks of the ESF and a Commission opinion on the rules of the ESF Committee.⁴

The purpose of the review is to align Fund activities more accurately on Community priorities in the fields of employment and vocational training, tailor ESF assistance more closely to economic, industrial and sectoral policies and guarantee better coordination between the Fund and other Community financial instruments.

¹ Point 5.

² OJ L 28, 4.2.1971.

³ Outline programme of the Commission for 1982-83, point 15.

⁴ COM(82)485 final, 8.10.1982.

14. The new and more unified structure of the Fund, which will facilitate its management, and the new method proposed for the selection of applications for assistance reflect the Commission's desire to enlarge the scope for assisting those encountering problems on the labour market. The desire for a simplified structure is reflected, for example, in the abolition of the rigid division of the Fund into ten separate fields of intervention.

Operations carried out by Member States as part of their labour market policy would form an important part of the new structure and would include virtually all the types of operation currently eligible for assistance. Thus, in the context of measures relating to employment strategy, support will be given to initiatives aimed at enhancing the job prospects of workers aged 18 and over, including the most vulnerable groups such as migrants, women and the handicapped.

The new proposals also make provision for assistance to categories not previously eligible.

For example, under existing ESF rules, assistance cannot be given to young people receiving initial training on completion of compulsory schooling: however, the Commission feels that young people under the age of 18 should henceforth be eligible for Fund assistance along with other categories of workers who are having difficulty in finding work. Furthermore, the Commission proposes the inclusion, irrespective of their employment situation, of new categories of persons who could play a key intermediary role in implementing a policy designed to create new jobs, namely instructors, vocational guidance and placement experts and development agents. Where the selection of applications is concerned, the Commission envisages the application of qualitative criteria combined with a new system of geographical priorities aimed at pinpointing those regions of the Community with the greatest need for ESF assistance. The Commission proposes, moreover, that the Fund be allowed to intervene in exceptional circumstances where unemployment in a particular area requires urgent action, even if that area does not have priority status.

In response to the memorandum submitted by the Greek Government, the Commission has intimated it is prepared to apply a higher rate of intervention by the European Social Fund in respect of the training of guidance, training and placement experts and the improvement of vocational training and preparation schemes for young people.

Under the integrated Mediterranean programmes,¹ the Commission could provide a greater measure of assistance by drawing on Community financial instruments to plug gaps in existing training structures in Greece. It has furthermore

¹ Sixteenth General Report, point 676.

proposed that intervention by the European Social Fund should be combined with action under Article 235 of the Treaty of Rome to tackle the specific problem of clinical and vocational rehabilitation for the mentally handicapped.

At its meeting of 10 December 1982 on social affairs, the Council was unable to progress beyond an initial exchange of views on the Commission's proposals. However, once it examines them in depth it is bound to appreciate the importance of this reform, which will give real substance to an employment strategy which the Community must pursue if it is to avert the risk of social unrest. If the success of this strategy is vital to the preservation of social stability, the results are no less important from the point of view of social protection.

15. The employment situation has a direct bearing on the equilibrium of social protection systems and it is therefore not surprising that the current deep recession has made inroads into levels of protection. The inevitable cuts in this area affect the least well-off groups first of all. These people are often in the weakest position on the labour market and run the risk of sinking ever deeper into poverty. At one time such a fate awaited only a small number of underprivileged people, but large sections of the population have now been caught in the same trap.

Social security problems

16. Although there is nothing new in the phenomenon, this year was one of widespread crisis in social security, by which we mean the whole field of social insurance, including unemployment insurance, health services and family benefits. Social security has been in the throes of serious financial problems in all Member States for a number of years now.

The Commission has ascertained that social security schemes in the Member States are beset with a number of common problems, particularly with regard to budgetary constraints, and feels that the time has come to compare experience gained and initiate an exchange of ideas in the search for adequate solutions. In its communication to the Council on the problems besetting social security in the Member States,¹ the Commission started from the apparently straightforward assumption that 'the slow-down in economic activity and the resultant rise in unemployment constitute the main and immediate reason for the difficulties facing social security'. In fact, the current imbalances are due to a combination of heavier social security expenditure, in particular on the unemployed, and a shortfall in revenue from social security contributions and taxes.

¹ COM(82)716 final, 17.11.1982.

In view of this, the Commission has addressed itself to the problem of finding ways and means of containing the growth of social expenditure as a whole, bearing in mind that 'the share of GPD allocated to social security has continued to rise in all Member States, notwithstanding the recession'. Thus, whilst it in no way wishes to roll back the social advances achieved through social protection systems, the Commission plans to inaugurate a wide-ranging debate on ways of curbing the growth of social expenditure, a review of financing methods and an enhancement of the effectiveness of social protection systems.

On this final point, particular mention should be made of the stigma attaching to the kind of unwarranted discrimination experienced, for example, by women.

17. Any discussion of social security, like that on employment, is bound to encompass a wide spectrum of subjects. Whilst the links with employment highlight the acute financial problems facing social security, the links with poverty are no less important. For if employment is essential to the maintenance of social protection, it is no less true that the existence of a fair and efficient social protection system can alleviate the impact of poverty.

In the light of these observations and in the wake of an evaluation report on the first action programme to combat poverty and the Council's conclusions of 10 December 1982,¹ the Commission will prepare new initiatives to tackle the problems arising in this field.

Whilst the Commission is acutely aware of the financial aspects which are at the nub of this discussion, it is also conscious of the qualitative aspect, i.e. the welfare of the individual, which must be taken into account in any approach to problems in the fields of social security and employment alike. The Commission therefore went ahead this year, notwithstanding its deep concern about the employment situation, with the implementation of the Community action programme on safety and health at work.²

Measures to safeguard health and safety at work

18. Under this first action programme, the Commission has been able to implement several of the 14 priority measures which were to be completed before the end of the year.

¹ Sixteenth General Report, point 305.

² OJ C 165, 11.7.1978.

Following on from the framework Directive of 27 November 1980 on the protection of workers from harmful exposure to chemical, physical and biological agents at work,¹ on 27 May the Council approved the proposal for a Directive on the protection of workers from harmful exposure to metallic lead.² This Directive contains a set of standards concerning air monitoring in workplaces and health surveillance (both clinical and biological).

Still in compliance with the framework Directive, and in response to an opinion delivered by Parliament, the Commission amended its proposal for a Directive concerning the protection of workers from the risks associated with asbestos.³ After discussions at the Council meeting of 10 December 1982, Member States now seem likely to agree on this text and the Commission expects it to be adopted in 1983.

This agreement is particularly important for workers as Member States will be obliged to comply with the abovementioned Community provisions, which will ensure that concrete steps are taken by national authorities in the short and long term. This will make for an improvement in safety and represents a new advance in the prevention of accidents and health hazards at work.

In addition, the Commission presented another proposal for a Directive to the Council on 18 October 1982, on the protection of workers from the risks associated with noise at work.⁴ Although the framework Directive makes no specific provision in this respect, the proposal is a logical development from it and will help achieve the same objectives as it is aimed at controlling noise levels at work, protecting workers and monitoring their health.

19. Finally, although it does not fall strictly within the field of safety and health at work, mention should also be made of the adoption by the Council on 24 June of a basic Directive relating to the prevention of industrial accidents.⁵ The so-called 'Seveso' Directive crowns the Commission's long campaign to provide essential guarantees on safety and health in connection with the major accident hazards of certain industrial activities, not only for workers but for the public at large.

The Commission feels that these aspects of its work need to be highlighted as they have important bearing on the quality of life to which the citizens of Europe in general and workers in particular aspire.

¹ OJ L 327, 3.12.1980.

² OJ L 247, 23.8.1982.

³ OJ C 301, 18.11.1982.

⁴ OJ C 289, 5.11.1982.

⁵ OJ L 230, 5.8.1982; General Report 1982, point 364.

On 4 November 1982, the Commission put before the Council a draft resolution on the second programme of action on safety and health at work.¹ This new programme will run until the end of 1988 and is aimed at improving the protection of workers by means of some 20 priority measures which will follow on from the first action programme. As a measure of its importance, suffice it to say that it will concern some 100 million workers in the Community. Despite all the progress made so far, accidents at work and occupational diseases still constitute a social scourge, with detrimental economic effects due to the ensuing tension, the exorbitant costs involved and the impact on industrial relations.

This is why the Commission attaches so much importance in its endeavours in the field of safety and health at work to enlisting the collaboration of all interested parties, in particular the two sides of industry. As in other areas of economic and social life, employers' and workers' organizations have a key role to play in this field.

The 'social dialogue' and the outlook for future action

20. The year 1982 confirmed—yet again and in every respect—the overriding need to promote the growing involvement by both sides of industry in keeping track of developments besides spearheading economic and social progress. Events demonstrated that if, in an open economic system, relations between the two sides could naturally involve conflict situations, it was all the more vital to maintain a framework within which those relations could consolidate and evolve to the benefit of both parties. In reality, all concerned are agreed that a broad social consensus must at all costs be preserved, while allowing for divergent views on the strategy to be adopted in the economic and social fields.

This fundamental concern led the European Council of 28 and 29 June and the Joint Council meeting of 26 November 1982 to appeal for cooperation between the two sides of industry.

However, the preservation of the social consensus in a period of economic adjustment is not the only achievement of the Community social dialogue. The other—less well known but equally meritorious—is that of enabling antagonism among member countries—exacerbated by fierce competition and heavy sacrifices at industrial, occupational and social level—to be overcome. Although present difficulties are liable to worsen, especially through a further deterioration of the employment situation, nevertheless the European social dialogue has made it possible to awaken an indispensable sense of European solidarity in both employers and workers.

¹ OJ C 308, 25.11.1982.

21. In future, and especially in the coming months, employers and workers—like their political leaders—will focus their attention on those subjects to which the great majority among them assign priority; i.e., those featured in the Commission outline programme for 1983-84. These priorities were already taking shape in earlier developments, essentially concerning the events and achievements of 1982: they relate to employment, especially for young people, the reorganization of working time, the adaptation of economic structures and the labour market, the adaptation of social security systems to the new economic and social context and the review of the European Social Fund.

22. As can be seen from increasingly clamorous demands from various quarters, the most urgent need is to improve employment and training opportunities for young people and other categories hard hit by unemployment.

In consequence, the Commission is to present a plan of action to promote the employment of young people in which an attempt will be made to identify some of the factors around which the employment difficulties of young people tend to crystallize. At the same time, following its memorandum of December 1982¹ the Commission will make every effort to establish a basic agreement with and between the two sides of industry with a view to achieving, in the next few years, a substantial reduction in working time thus opening up further employment possibilities. At the same time, it will take steps to persuade the national authorities of the Member States, as employers, to point the way by adopting innovative work-sharing measures in the public sector.

In doing this, the Commission will naturally take account of the fact that any ill-considered reorganization would be liable to endanger financial equilibrium. With this proviso, which applies especially to firms in the private sector—but stressing the facilities that the new technologies will gradually provide for both working and recreational life—the Commission has the fullest confidence in the longer-term beneficial effects for both individuals and communities of the reorganization of working time.

An important consideration which might tend to be overlooked given the difficulties of the present situation serves to reinforce this conviction. In the words of the Council resolution of 18 November 1979 on the adaptation of working time²... 'the measures to adapt working time must also be conceived with a view to improving living and working conditions ... they must contribute to improved protection at work and encourage worker participation in social and economic progress'.

¹ COM(82)809, 10.12.1982.

² OJ C 2, 4.1.1980.

23. The positive social aspects of the reorganization of working time in the context of overall employment policy have already been amply demonstrated by experiments conducted in a great many firms. Small and medium-sized firms and cooperatives should prove especially suitable for these schemes in the future. As its contribution, the Commission will shortly present a number of new ventures in this field comprising support measures to develop and create jobs.¹ They will be backed up by aid to local and regional job creation measures, aid to promote the forward-looking management of local markets, and intensified efforts as regards training and adaptation for technological change.

In this way the Commission hopes to exploit the creative potential of local economies while as far as possible preserving the essential equilibrium of the factors involved: the workers, both in their home lives and at work; the regions, in relation to their human and natural resources; and the Community itself, with its great diversity and constant need for the renewal of its economic fabric.

24. This, therefore—to confine ourselves to the main points of its social policy—is what the Commission will endeavour to achieve or promote in 1983. No doubt further action will subsequently become necessary: the Commission is already making further plans in the hope that its recent or forthcoming ventures will, without delay, be favourably received by the other Community institutions and the two sides of industry and given the decisive impetus necessary if they are to result in practical measures and create genuine solidarity.

In his programme address in February 1983, the President of the Commission summed up this matter in the following words: '... because so much is at stake, the fight against unemployment and industrial decline must be central to our strategy ... the fight merits top priority and it will be the acid test of our countries' ability to exploit and develop the Community which is their creation. The survival of the Community as a venture with future potential will depend on its ability to manage the crisis ... It is for each and every one of us to accept the consequences of this choice, which puts the European debate back in the centre of the social and political stage and of the everyday aspirations of our people'.

¹ Programme of the Commission for 1983-84, address by the President of the Commission, page 9.

Social developments in 1982

Chapter I

Employment

(including migrant workers)

Trends within the Community

25. Economic activity in the Community did not match up to expectations during the year under review. The recovery of which there had been signs during the early months of the year did not materialize. Both GDP and industrial production declined perceptibly during the second half of the year. In some cases, the real incomes of workers also fell. This period of economic weakness is mirrored in the decline in the volume of employment and a rapid increase in unemployment figures.

Largely as a result of structural and technological changes, the number of persons in employment fell in all Member States except Denmark and Greece—a fall of 1.1% to 105.5 million being forecast for the Community as a whole. This shortage of jobs, combined with the continuing growth of the potential labour force led to a further deterioration in the employment situation; in all Member States unemployment rose to new highs—at end December the total figure (now including only persons drawing unemployment benefit in the case of the United Kingdom) was 11.9 million, i.e. 10.4% of the civilian working population.

The number of registered unemployed rose by about 1.7 million as compared with the previous year and this disregards the growing number of underemployed workers not registered with the employed services.

26. Taking the Community as a whole, the worsening unemployment situation affected men and women more or less equally, but there were considerable variations from country to country. Thus, in the Federal Republic and Greece unemployment rose more steeply among men than among women, whereas the

increase in unemployment was more rapid for women than for men in Denmark, Ireland and Luxembourg.

The general rise in unemployment also affected young people. In spite of the efforts undertaken by governments with a view to reducing youth unemployment, the number of unemployed people under 25 years of age fell only slightly as a proportion of the overall total—to approximately 40% as against 42% in 1981. The following are also problem groups in the majority of Member States: workers without skilled training, foreigners and members of ethnic minorities, and handicapped workers. In most countries there has also been an increase in long-term unemployment. The task of finding a new job is becoming ever more difficult for members of certain population groups and people living in certain regions of the Community.

Even selective regional aids and action programmes undertaken by the national authorities have failed to prevent unemployment rates of 20% or more in some areas of the Community.¹

27. As at national level, the year under review saw an intensification of the efforts undertaken at Community level with a view to improving the employment situation. Acting in the light of the broad consensus between governments, trade unions and employers which emerged from the 27 April meeting of the Standing Committee on Employment, the Council adopted a Resolution on *Community action to combat unemployment*. The main points of this Resolution of 12 July are as follows:

- (i) Private and public productive investment should be promoted in such a way as to strengthen the competitive capacity of undertakings and to encourage economic growth and raise employment. The Council noted the suggestions made by the Commission regarding certain investment priorities.
- (ii) Effective and coherent use should be made of Community instruments with a view in particular to assisting the least-favoured regions.
- (iii) In addition to the problems of investment rationalization, industrial restructuring programmes should simultaneously give particular attention to employment problems.

¹ The first periodic report on the economic and social situation in the regions of the Community was published by the Commission in 1981. This report is entitled 'The Regions of Europe' and may be obtained from the Office for Official Publications of the European Communities. The Commission is currently preparing the second report for publication in the seven official languages at the beginning of 1984.

- (iv) Action should be taken to promote the development potential of small medium-sized undertakings as a source of innovation and employment.

In this same Resolution the Council also:

- (i) requested the Commission to report on the results of its research on job creation via local initiatives and cooperatives;
- (ii) stressed the priority to be given to vocational training for young people and measures to integrate them into the labour market;
- (iii) indicated that the dialogue with and between the two sides of industry regarding the reorganization of working time should be continued and noted that the Commission would be presenting a memorandum on this matter before the end of 1982;
- (iv) noted the Commission's intention to promote better functioning and transparency of the labour market.

Mention should also be made of the Resolution on the promotion of equal opportunities for women approved by the Council at its meeting on 27 May. With regard to employment, this Resolution recommends that:

- (i) national bodies for the promotion of women's employment and equal opportunities be strengthened or set up;
- (ii) steps be taken to increase public awareness and disseminate information to support the change in attitudes to sharing occupational, family and social responsibilities;
- (iii) efforts be made to achieve more balanced representation of women at the various levels of responsibility (especially in the public sector);
- (iv) special rules for the protection of women be eliminated where they are no longer justified;
- (v) greater account be taken of the equal opportunities dimension in preparing and implementing Community policies.

Preparatory to the joint meeting of Ministers of Economic and Financial Affairs and Ministers of Employment and Social Affairs held on 16 November ('Jumbo' Council),¹ the Commission presented guidelines on the following matters to the October meeting of the Standing Committee on Employment:

¹ Point 9.

- (i) the promotion of a better distribution of available work and income through more flexible working arrangements and reductions in working time—in this context, the Commission had already put forward proposals for Directives on voluntary part-time work and temporary work (the supply of temporary workers by employment business and the direct engagement of workers on fixed duration contract) and for a Recommendation on flexible retirement;
- (ii) the integration of young people into the labour market through training and the provision of adequate job opportunities—concrete proposals in this connection having been made by the Commission within the context of the review of the Social Fund and in its communication on vocational training policy.

The representatives of the workers' organizations disagreed with the limitation of discussion to these two topics, taking the view that the broader issues of economic and employment policy should also be considered. They therefore left the meeting after having entered a protest. The other parties to the discussions did however emphasize that they were in general agreement with the Commission's proposals.

28. With regard to migrant workers, the statistics available for some Member States indicate that the number of foreign workers entering to take up employment for the first time continued to decline over the Community as a whole in 1982.

The continuing unemployment problem, inadequacies as regards social and educational facilities, cultural integration problems and the housing shortage all combine to accentuate the inclination on the part of national authorities to stabilize or, indeed, endeavour to reduce the number of foreign workers, by attempting nevertheless to meet all their commitments under existing agreements, except those relating to the recruitment of labour, or by negotiating new agreements in the field of social, cultural and cooperation policies with a view to facilitating the integration of migrant workers into society in the host country or organizing repatriation programmes.

The year under review also saw a number of manifestations of xenophobia and racism, necessitating stricter application of the relevant legislation to counter these developments.

Increased attention was devoted to the question of the children of foreign workers and ethnic minorities, particularly as regards their education and training and the arrangements for members of workers' families to join them in the host country.

Development of the situation in the member countries

Belgium

29. In the past, the Belgian economy has suffered from certain imbalances, namely in respect of the labour market, balance of payments and public finance. The results for 1981 show, *inter alia*, a fall-off in the growth of GDP (-1.7%) and a massive decline in employment.

Preliminary results for 1982 indicate some improvement in the balance of payments deficit. On the other hand, as in recent years, there is unlikely to be any easing of inflationary pressure, GDP growth will again fall (by around -1.0%) and domestic consumption will be weaker.

Until now, employment growth in the tertiary sector and the public sector had kept total employment stable. The downturn in employment growth combined with the rise in the labour force has seriously affected the level of unemployment. At the end of December 1982 the total number of unemployed persons receiving benefits reached 525 400, a rise of 16.4% over the previous year.

It should be noted in passing that the decline in the cost of labour following the suspension of wage indexation was not reflected in higher recruitment figures in the months immediately following: the employment services of ONEM (National Employment Office) have not observed any great change in this area: the monthly average volume of registered vacancies since the beginning of the year is below last year's levels (of some 9 000 to 10 000 instead of 12 000). In the final quarter, however, there were signs of an upturn in investment. In real terms, the volume of investment rose by 7% compared with the same quarter of 1981.

On the other hand, unemployment among men (+18.9%) increased at a much greater rate than among women (+14.1%) (December 1982/December 1981). There were, however, even greater differences in unemployment rates: 21.6% for women and 10.9% for men (15% overall).

On a regional level, developments were everywhere quite marked. Over the period November 1981 to November 1982, in absolute terms, it rose by 35 289 (+15.2%) in Flanders, 18 116 (+13.2%) in Wallonia and 7 336 (+16.9%) in Brussels.

At the same time, under the new anti-unemployment plan (which came into force in August 1981) 28 377 young people received training in October 1982

while 18 355 others were employed under the temporary special programme (CST) in the same period.

Assuming a slow rate of growth at international level, under the special powers law (2 February 1982) the government decided to implement policies to improve conditions on the supply side of the economy. Following an 8.5% devaluation of the Belgian franc on 21 February 1982, several measures were adopted in the first quarter, comprising tax incentives to encourage investment; temporary suspension of wage indexation; an increase in social security revenue; and a partial price freeze.

The government is also preparing new employment measures under the special powers law. They include the creation of 'alternative' employment (troisième circuit de travail); revision of legislation on training courses for young people; revision of legislation on part-time work and the creation of an interdepartmental Fund to promote employment in the non-market sector. Jobs on the alternative market will be covered by indefinite contracts; only workers who have been unemployed for at least two years will be eligible for this type of employment. In the case of training courses for young people, the Royal decrees provide that Government agencies and private sector employers with 50 workers or more are required to employ a contingent of trainees corresponding to 3% of their work force: 2% full time and 1% half time.

30. The results of the 1981 census show that in 11 years the population of Belgium has increased by 16 408, while the foreign population has risen by 182 295 (on 1 March 1981 the latter stood at 878 577). The increase is natural (i.e. due to the birth rate). Foreigners account for 8.9% of the total population; 23% of this number live in Brussels, 12.4% in Wallonia and 4.1% in Flanders. Community nationals account for 60.2% of the foreign population.

The debate concerning the immigrant problem during the period in question elicited various reactions, such as:

- (i) a xenophobic stance on the part of certain candidates for office or groups motivated by racist theories during the run-up to the local elections on 10 October 1982;
- (ii) a resurgence of interest in communal voting rights for foreigners on the part of certain groups;
- (iii) a government proposal to restrict the issue of 'A' work permits (all types of employment) and authorization for the immigration of workers' families.

Denmark

31. Over the past year economic activity picked up slightly. GDP rose by about 2% after hardly changing from 1980 to 1981. The total number in employment rose slightly (by about 10 000), although this increase is essentially restricted to the public sector; employment in the private sector fell.

As in the United Kingdom and France, over the last year unemployment in Denmark rose at a rate appreciably below the Community average: in December 262 000 unemployed persons were registered, about 7 000 more than for the previous year, representing an unemployment rate of 9.9% of the civilian working population, with the figure about the same for both men and women. Compared with the previous year the structure of unemployment underwent relatively little change with women accounting for about 45% of the total, although at the same time the considerable efforts made to combat youth unemployment have meant that the proportion of unemployed aged under 25 has fallen slightly (from 30% to 28.5%). At the present time about 75 000 young people are registered as unemployed.

Investigations into long-term unemployment and the statutory requirement to provide jobs show that this problem is gaining in importance: more and more long-term unemployed persons are becoming entitled to jobs under the national and local authority programmes. This can be attributed partly to the fact that increasing efforts are being made to provide unemployed persons with a new job as quickly as possible and partly to the tendency for the numbers of long-term unemployed to rise. In the context of long-term unemployment in general, an above-average number of the long-term unemployed tend to be found in sectors where above-average numbers of women are employed, where jobs tend to require few skills and/or where there have been considerable cuts in the work force.

Until the change of government in September, government efforts were concentrated on reducing youth unemployment. In March the government put a number of proposals before Parliament (adopted in June) representing a first stage in efforts to ensure that from 1984 onwards all young people leaving school would be offered either a place within the general educational system, a vocational training place or a job. This is known as the 'Youth Guarantee Scheme'. This 'March package' was aimed at combating youth unemployment and contained five main points:

- (i) the creation of additional jobs—by providing financial incentives for private firms, associations and in particular local authorities to encourage

- them to employ young people who were previously unemployed (with a refund of up to 80% of the maximum unemployment benefit);
- (ii) reforms concerning the provision of jobs for long-term unemployed persons, enabling those concerned to take up to two months paid educational or training leave during the time when the job is made available; in addition wage subsidies have been increased;
 - (iii) doubling by local authorities, of their expenditure on combating youth unemployment;
 - (iv) intensified guidance measures for young people by the local authorities to inform them of educational and job opportunities;
 - (v) incentives to increase the number of training and work experience places in private firms and in public services.

The new government, which took office in September has established new priorities in social and employment policy. In general, its intention is to hold down wages and salaries and cut back on certain employment policy measures. Instead of the 'Youth Guarantee Scheme' proposed by the previous government, youth employment plans are to be continued in a modified form. In December, for example, the new government put forward an investment plan.

32. On 1 January 1982 there were 49 689 foreign work permit holders in Denmark (excluding those from the other Nordic countries) representing an increase of some 1 500 over 1 January 1981.

Organizations carrying on activities on behalf of the migrant population can now apply for government subsidies provided that their aims are approved and they meet certain conditions.

Federal Republic of Germany

33. Economic performance in the Federal Republic fell some way short of expectations, particularly in the second half of the year, with GDP falling in comparison with 1981. For the economy as a whole, productivity rose by some 2% in the first half of the year; compared with the previous year, the average number of persons in employment fell by 1.7% to 25.6 million.

The continuing weakness of the economy, restructuring difficulties and the further increase in the potential working population led to a dramatic deterioration in the labour market situation. The number of registered unemployed was 2.22 million in December, with the unemployment rate (8.4% of the civilian working population) reaching a new record level. The average number of

unemployed throughout the year was some 1.83 million—560 000 or 44% more than in 1981. Even at the beginning of the 1950s there were fewer registered unemployed.

The economic downturn affected male job-seekers more severely, but the unemployment rate for women (9.1%) is still well above that for men (8.0%).

More and more young people who have completed school or finished training are finding themselves unemployed. More than half a million people under the age of 25 have no work, and the unemployment rate for this category is now higher than that for the working population as a whole. An increasing number of young people at the upper end of the age range are becoming unemployed, which indicates that while firms are initially succeeding in providing training places in more or less sufficient numbers, the integration of young people into the employment system is causing increasing difficulties. The problem groups among the young unemployed are those with no school or vocational training qualifications and among them foreigners.

The worsening situation on the labour market is also affecting skilled workers to an increasing extent. Surveys carried out by the Federal Labour Office show, however, that in spite of increasing unemployment a brisk exchange of employees is taking place to improve the staff structure in firms. Vacancies notified to the employment offices (totalling only 61 000 in December) are also being filled very rapidly at present. Nevertheless, the proportion of long-term unemployed has increased again.

The employment situation in West Berlin is giving particular cause for concern. Little more than half the former 300 000 jobs in industry remain and the trend is still downwards. The Senate has therefore adopted a structural programme to create new jobs, but the effects will be felt only in the medium or longer term.

Special mention should be made of the following employment and labour market policy measures in the Federal Republic:

- (i) The employment promotion (consolidation) law (AFKG) and the ban on the supply of workers by temporary employment businesses in the building sector.
- (ii) The joint Federal/*Land* action programme to promote growth, employment and stability, which has six main points: a 10% investment subsidy for private firms which increase their investment rate by more than the average for the last three years; additional appropriations for environmental projects and small and medium-sized undertakings; additional funds for the building industry, incentives for the construction of private housing; DM 400 million for measures to combat unemployment among young peo-

ple; a working party to examine all proposals for reducing total working life.

The formation of a new federal government has led to a redirection of economic and social policy, which will also bring changes in employment policy. However, no new schemes were introduced in this area up to the end of the year.

34. Like its predecessor, the new government announced—in the programme it presented on 13 October 1982—that it intended to maintain the ban on immigration from non-Community countries, impose restrictions on the families of immigrants wishing to join them and provide assistance in returning to their country of origin for those who wished to do so. At the same time, it said it would promote the integration ‘without loss of identity’ of those foreigners who remained in the Federal Republic.

A reform of the system for granting political asylum came into force on 22 July 1982 in the form of a law aimed at preventing abuses of that system.

Measures had already been taken in 1981 to combat illicit employment and to keep within certain limits the entry of the families of immigrants from non-Community countries; other measures in the field of policy related to foreigners are currently under consideration. It is estimated that some 50 000 spouses and 70 000 under-age children of immigrants enter the Federal Republic annually to join immigrants already there.

The Bundesvereinigung der Deutschen Arbeitgeberverbände (Federal Union of Employers’ Associations) has also come out in favour of more severe restrictions on entry, greater efforts to promote the integration of workers already present and the offer of incentives to encourage return to the country of origin. For their part, the trade unions have recommended that foreign workers be treated in exactly the same way as nationals and be granted the right to vote in local elections.

The measures relating to the vocational preparation and social integration of young foreigners who have completed their statutory schooling without obtaining a leaving certificate have met with a highly positive response. The development of this programme is now regarded as a fundamental aspect of the implementation of the integration policy pursued by the federal government.

As the end of December 1981, the total number of foreign workers in employment was 1 832 166, including 520 837 from Community countries.

At the end of September 1982, 4 667 000 foreigners were registered as resident in the Federal Republic of Germany, of whom 2 200 000 (48%) had been living there for 10 years or more.

Greece

35. The year under review was somewhat discouraging from the economic standpoint. There were some indications of a recovery during the first quarter but the state of the economy has worsened again since then. Two developments are causing particular concern: the renewed increase in the pace of inflation in the second half of the year and the persistently low propensity to invest. GDP rose only marginally during 1982 (by 0.7%), having actually fallen slightly during the preceding year (again by 0.7%). With the labour force growing considerably more rapidly than the number of persons in employment (by 1.1% as against 0.4%) a substantial rise in unemployment was observed.

The number of registered unemployed has grown by some 34% within the space of a year. This rapid increase reflects on the one hand a growing shortage of jobs and on the other the fact that the unemployment rate was underestimated in the past: persons entitled to benefit now seem much more inclined to register. The number of registered unemployed (which is not comparable with the figures for the other Member States) was approximately 82 500 in December—the unemployment rate being 2.0% for men and 3.3% for women. Aside from job losses in the industrial sector, the most noteworthy facet of the problem is the increasingly poor job prospects for university graduates. Already, two-thirds of all unemployed persons are under 30 years of age. Also particularly hard-hit are women, handicapped, construction workers and unskilled workers.

After coming to power in autumn 1981 the new government approved a series of measures designed to improve the efficiency of the National Employment and Manpower Office (OAED) and the quality of official statistics.

In June the government adopted a law introducing incentives to foster economic and regional development. Under this law, the OAED can use public funds to preserve existing jobs or create new ones for workers who are particularly difficult to place. It can, at least in part, substitute employment subsidies for unemployment benefit.

As part of this programme a special job creation scheme has been established for certain problem groups. Some 15 000 new jobs will, it is hoped, be created for workers under 25 years of age and a further 5 000 for those in the 25-29 age group. Subsidies amounting (depending on the economic relevance of the jobs

created) to between 20% and 40% of the wage rates for unskilled workers may be paid for up to six months. A further facet of the programme is designed to improve the vocational training system and increase the number of training places. Finally, an action programme for the handicapped has been devised which aims at providing 1 000 additional jobs in the private sector and improving training provision and the adaptation of workplaces.

36. The number of foreign workers in Greece is estimated at 35 000. Between 1 March 1981 and 1 March 1982 the Greek authorities granted 13 409 new work permits, including 7 992 to nationals of European countries.

There are, however, substantial numbers of clandestine foreign workers (around 70 000, according to estimates). This is a matter of some concern to the General Confederation of Labour (GSEE), which has asked the Ministry of Economic Affairs (formerly the Ministry for Coordination) to take steps to restrict illicit employment along similar lines to the efforts undertaken at Community level.

New work permits should in the Confederation's view only be granted to specialists regarded as indispensable for the introduction of new technologies into the country.

France

37. The slowdown in the rise of unemployment (+ 5.8% in one year) took place in a deteriorating economic climate: growth was much lower than forecast (about 1.4%), the foreign trade deficit reached a disturbing level (FF 93 000 million in 1982), while the volume of investment dropped by 2.9% compared with the previous year.

The relative success of the employment policy (with the number of jobless steady at just over 2 million) was mainly accounted for by the sharp increase in the number receiving income support allowances (390 000), which rose by 35% in one year and to a lesser extent by the number of workers who opted for early retirement under solidarity agreements (80 000 actual departures and 300 000 potential beneficiaries under agreements signed in 1982).

The radical deterioration in the employment situation is reflected in the extension of the average duration of unemployment from 260 to 280 days over one year and the rise in the proportion of long-term and very long-term unemployed. (The share of those unemployed for more than two years reached 9.5%.)

The decline, already apparent in previous years, in the proportion of women in total unemployment was maintained (55% in 1980, 51.5% in 1981 and 49.5% in 1982), while the age structure remained the same. As in 1981 unemployment among skilled workers and employees is rising the most rapidly.

The employment policy led to action in four areas in 1982:

- (i) the reduction in the working week from 40 to 39 hours encountered difficulties in application and would seem to have had little impact on employment. The government therefore decided to abandon any new attempts to reduce working hours by legislation and is encouraging sectoral or enterprise level agreements by granting financial aid for a significant reduction in hours between now and 1984 or 1985 in return for an increase in employment assessed on a case by case basis;
- (ii) solidarity agreements have been gradually extended, particularly as regards early retirement schemes. Agreements providing for substantial cut-backs in working time will be encouraged;
- (iii) the Youth Opportunities Plan (Plan Avenir Jeunes) has given training or work experience to 442 000 young people through various means;
- (iv) financial incentives for firms (higher tax relief on investment subject to the maintenance or creation of jobs, subsidized loans to small and medium-sized businesses, regional aid) have been reinforced and are aimed at maintaining and expanding the national production potential; investment should protect existing jobs.

Furthermore, ANPE (the national employment service) has begun to implement an action programme in favour of the long-term unemployed (645 000).

38. Under the law of 17 October 1981, the illegal situation of about 130 000 immigrant workers was regularized. At the same time the public authorities tightened entry controls.

It is estimated that roughly the same number of illegal workers could not, or chose not, to submit applications for regularization. The problem, therefore, has not been entirely settled on account of the complex factors present: temporary jobs taken up for too short a duration to require declaration to the social security authorities (or for domestic work); the practice of contracting-out certain tasks to outside firms; fictional sub-contracting; collusion between employer and immigrant to conceal the latter's employment from the authorities; possibility of exerting pressure by threatening the worker with the loss of his job in the event of declaration or, in the case of small family firms, with the closure of the whole business.

The programme to assist repatriation of Algerian nationals has been replaced by a system offering a choice between vocational training, assistance to set up a small business and a repatriation grant.

The State Secretariat for Immigration Affairs has concluded agreements with individual local authorities for two to five years covering family housing, youth activities, literacy programmes and immigrant women's problems.

Ireland

39. Unemployment has climbed more rapidly since the beginning of the year, with the annual rate of increase reaching 27.5%. At the end of December 1982 there were 180 000 registered unemployed—i.e., 14.7% of the working population. Under-25s (54 000) accounted for 30% of the total. To this figure should be added some 20 000 first job seekers not included in the official statistics.

The outlook is not encouraging given the continuing rapid increase (compared with other Community countries) in the working population (+ 1.5% per year—about 19 000 people) and the decline in the number of jobs (8 000 jobs were lost in industry in 1982, and about 5 000 in agriculture). These mounting difficulties account for the renewed upsurge in emigration since 1979—a reversal of the earlier trend.

The Youth Employment Agency was set up in February, with a budget appropriation of IRL 41 million financed by a 1% levy on all incomes.

The Agency is intended to help young people encountering employment difficulties. Its tasks include the evaluation of existing measures, overall coordination and the initiation of specific programmes, as well as the creation of 20 000 new jobs and training places, particularly through aid to public sector bodies providing job opportunities for young people.

Existing programmes have been reinforced: a 60% increase in the number of participants in the Work Experience Programme has been recorded. In addition, the Employment Incentive Scheme has been enhanced by raising the weekly subsidy from IRL 20 to IRL 30 for adults recruited and from IRL 14 to IRL 25 for young people. The duration of the subsidy has been more than doubled, from 24 to 52 weeks. To encourage the recruitment of the long-term unemployed, who account for over half the total number of jobless, the wage subsidy paid to employers who recruit these workers has been raised to IRL 45 per week.

40. The recently published census of population figures indicates that there has been a resumption of emigration in recent years. If the last two inter-census

periods are compared, it will be seen that during the period 1971-79 there was a net immigration of 13 600, while during 1979-81 net emigration averaged 2 500 a year.

Despite the continuing rise in unemployment, the number of people registering with the National Manpower Service who are seeking work in EEC countries actually showed a decline. A major factor of the fall-off is certainly the unemployment situation in other member countries, but also the reluctance of people to risk leaving with no guarantee of employment should they wish to return.

Since 1 October 1982, a fee is payable by employers for successful work permit applications.

Italy

41. In 1982 both the working population and employment remained virtually the same as in 1981. In December 1982 there were 2 600 000 registered unemployed—11.5% of the working population, including 1 345 000 men and 1 255 000 women, for whom the unemployment rates were 9.1% and 16.2% respectively. Of the unemployed, 49.6% were under 25 (44.6% men and 54.9% women). Compared with the previous year, unemployment has risen overall by 19.0% (18.5% for men and 19.3% for women). In December 1982 there were 1 290 000 job-seekers under 25 (an increase of 290 000 or 29.0%). Therefore, it follows that 70% of all job-seekers registered between December 1981 and December 1982 were aged under 25. The deterioration in the labour market situation is due to cyclical factors such as the fall-off in the pool of available jobs, coincidental sectoral fluctuations and the mass arrival on the labour market of young people who fail to find jobs.

The benefits paid out by the Cassa Integrazione Guadagni (wage guarantee fund) continued to rise. The figures for July 1982 show a 15% increase over the previous year in the number of hours for which short-time working allowances were paid (i.e., from 39.7 million hours in 1981 to 45.7 million hours). Benefits are still concentrated in certain sectors: 'ordinary' benefits amounted to 47% in respect of mechanical engineering, 10% for the chemical industry, 9% for textiles and 7% for metalworking. In the construction industry, the number of hours for which payments were authorized fell from 4.5 to 3.3 million.

Two important employment policy decisions were taken with a view to stimulating employment: a LIT 6 000 000 million programme was launched and draft laws to reform the employment services were tabled.

Law No 181 of 26 April 1982 established an investment and employment fund with an appropriation of LIT 6 000 000 million which will be allocated to vari-

ous projects that could stimulate a recovery in investment and job creation: the establishment of an automatically renewable fund to acquire shares issued by specialized credit institutions for investment in industrial plant, housing construction and the modernization of industry; electricity generation; reduction of VAT; rural infrastructure measures; reorganization of the steel industry; development of telecommunications; subsidies for small businesses, production cooperatives and cooperatives set up by workers in employment.

The reform of the employment services is intended to alleviate the qualitative mismatch between job applications and vacancies and to encourage participation by trade unions and employers' associations. It provides for several measures affecting the reorganization of geographical areas covered, promotion of job mobility and structural reorganization. The draft reform also tackles the problem of improving information with a view to greater transparency on the labour market. To this end the Minister of Labour and Social Security has set up a directorate-general to develop and coordinate the collection and dissemination of information concerning unemployment surveys, quantitative and qualitative changes in the supply of manpower and employment forecasts.

42. Emigration has continued to slow down and the number of Italian workers returning home tends slightly to exceed the number of departures. A national meeting held in May 1982 reviewed action by the Regions in respect of returning workers and determined their role in general with respect to migration.

On 1 April 1981, Italy (the only Community country to do so) ratified ILO Convention No 143 concerning migration in abusive conditions and the promotion of equality. To give effect to the Convention, and on account of the large number of foreign workers in Italy, mostly in an illegal situation, the cabinet tabled a draft law (now adopted by the Senate) containing new rules governing the access to employment and legal and social situation of non-Community workers.

Luxembourg

43. In an unfavourable international climate the Luxembourg economy, which had been affected by two monetary adjustments: devaluation of the franc by 8.5% in February and revaluation of the DM in June, gave signs of weakening, especially towards the end of the year. As in 1981, GDP is expected to fall due to the decline in the iron and steel industry during the second quarter. Furthermore, the trade deficit is likely to increase and the rise in consumer prices is expected to exceed an average annual rate of 9% (10% in moving average).

The labour market was affected by both the hesitant trend of the economy and continued problems concerning structural mismatching between supply and demand.

Employment growth slowed right from the beginning of the year, mainly as a result of the reduction in the labour force employed in industry and in construction, a sector currently in recession. By the end of the year, the number of wage and salary earners (all sectors) had even fallen slightly (0.2% over December 1981).

This was accompanied by a somewhat slower rise in unemployment. Nevertheless, the number of job-seekers at the end of December was 26.1% up on the same period of the previous year. At the end of December 1982, there were 2 558 job-seekers, of whom almost half were young people aged 18-24. At the same time, there was a slight fall in the number of notified vacancies; the average number of unfilled vacancies at the end of each month was more or less the same as during the previous year.

During the first quarter, the government noted the deterioration in the economic situation and took measures to maintain employment and the competitiveness of the economy (law of 8 April 1982).

As regards employment policy, a number of support and complementary measures will be taken in conjunction with the instruments created by the series of laws adopted since 1975. In particular there are plans to introduce a new form of aid to encourage mobility on the part of job-seekers, and special aid for the recruitment of the long-term unemployed or of job-seekers who are particularly difficult to place. The temporary re-employment allowance currently granted to iron and steel industry workers (a degressive allowance based on a percentage of their last wage) has been extended to other categories of workers in the form of a flat-rate mobility allowance. Much stricter provisions have been introduced to curb overtime working and the combination of retirement or old age pensions with earnings, together with more effective checks to ensure that the laws on the forty-hour week are respected by persons holding more than one job. The employment authorities will be able to assign unemployed persons receiving benefits to jobs considered to be in the public interest.

44. As regards the foreign population, two main issues held the attention of the authorities and the public: the question of whether foreigners should be granted the right to vote in local elections, on which there are two conflicting opinions, and the problems associated with the schooling of migrant workers' children, which are aggravated by difficulties in adapting to the bilingualism of Luxembourg.

Another reason why a satisfactory solution must be found to the second question is the birth-rate of the immigrant population (17.8% in 1980-81, compared with 10% for the native population). In addition to the natural increase, the number of foreign children rises as a result of measures permitting migrant workers' families to join them. The immigration service can now call on social workers speaking the language of the larger foreign communities (Portuguese, Italian and Spanish), whose tasks include assistance and supervision in housing matters. As regards hostels for immigrant workers without families, a Ministerial Regulation of 7 April 1982 defined the tasks of tenants' representatives elected by a general meeting.

The number of foreign workers in employment stood at 52 200 (including 32 600 nationals of other member countries) on 1 October 1981.

The Netherlands

45. The economic recession in the Netherland persisted in 1982: stagnation of the GDP, increase in the public finance deficit, declining consumption and private investment were factors leading to a fall in purchasing power of the order of 2-4% varying with individual incomes. Industrial production compared with the 1981 level has continued to deteriorate. However it should be pointed out that the annual inflation rate (6%) is still one of the lowest in the Community.

The combined effect of all these factors was seen in a sharp increase in unemployment. The number of registered unemployed went up from 473 600 (331 700 men and 142 000 women) in December 1981 to 644 200 (454 100 men and 190 000 women) a year later, which represents an increase of more than 36% (36.9% for men and 34% for women). The unemployment rate (number of registered unemployed as percentage of working population) is 12.0%, which means that almost one worker in nine is unemployed. The proportion of total unemployment accounted for by young people under 25 improved slightly: 43.6% in December 1982 as compared with 44.6% a year earlier. The marked deterioration in the labour market which had begun in April 1980 shows no signs of easing. The northern provinces and Limburg are the most severely affected, showing the highest unemployment rates.

In March 1982, the government published its employment plan which provided for a number of measures to stimulate the economy and, consequently, employment. One of the main aims of this plan designed to give fresh impetus to employment is the programme for the housing sector: 5 000 additional dwellings will be built, the location depending on the level of unemployment in the region in question. As regards part-time work, the plan provides for the creation of

20 000 to 30 000 additional jobs in 1982 through job-sharing arrangements in the private sector. A sum of HFL 42 million will be set aside for this purpose.

The youth employment plan (JWP) represents one of the main features of the 1982 employment plan. It is aimed at young people of 18-23 and is intended to improve their preparation for working life and help them to enter the labour market. The educational measures mainly concern the expansion—in the near term—of existing vocational courses at upper secondary level, pilot projects in secondary vocational education and improved opportunities for gaining access to apprenticeships through vocational education. The second objective of the measures is to reduce as far as possible the length of time for which young people are unemployed through the intensive and systematic application of existing employment aids. These measures involve courses for young job-seekers or their participation in occupational activities of a social or cultural nature. One fundamental aspect of the plan (JWP) is the provision of temporary jobs (where possible on a part-time basis) for young people once they have been employed for nine months.

In June, the Upper House (Eerste Kamer) approved a change in the law on employment services compelling firms to notify any vacancy to the employment office in their area. This new rule will give the employment services a more complete picture of existing vacancies and ensure that job-seekers have a wider choice. It will provide a better knowledge of firms' requirements and ensure that vacancies are filled more quickly and consequently that periods of unemployment are reduced. The introduction of this obligation does not affect the employers' right to fill a vacancy by means other than recourse to the employment services.

Following the general election on 8 September 1982, a new coalition government of the Christian Democrats and Liberals was set up in November.

Given that unemployment is likely to remain at a high level over the next three years (1983-85) due to the net increase in the labour force of 50 000 people each year, following the entry of some 250 000 young people into the labour market, the new government adopted a three-pronged approach to the problem of unemployment: reorganizing public finances, promoting employment and strengthening the structure of the economy. The government has worked out an action programme which comprises a number of measures including reorganization of working hours, a plan to provide jobs to young people by financing complementary training as well as short-term professional training and public investments to strengthen the structure of the economy. To improve the working of the labour market, various proposals to renew the structure, the instruments and the procedures affecting the labour market have been envisaged.

In November 1982 the Ministry of Economic Affairs set up the MIP (Corporation for Industrial Projects). The MIP aims to contribute to employment through research and developing promising projects in industry and commerce in the Netherlands. MIP has been given an initial capital of HFL 330 million and the private financial sector (banks, insurance companies and pension funds) has agreed to contribute some HFL 200 million.

46. The government announced its intention to adopt, in the near future, a law ratifying the Council of Europe Convention of 24 November 1977 on the legal status of migrant workers and Article 19(5) of the Social Charter of 18 October 1961.

A survey revealed that fewer Moroccan workers are bringing their families to join them, mainly because of the shortage of available housing; moreover, another survey carried out in the industrial quarter of Rotterdam showed that foreign workers are now meeting with competition from Dutch workers even for jobs which the latter have traditionally declined.

A shortage of jobs and certain social factors hindering the integration of foreigners led the government to announce that it was considering measures to aid those wishing to return to their country of origin (the idea of offering financial incentives to returnees is, however, opposed by many of the groups involved). In January 1982, the National Centre for Foreigners (Nederlands Centrum Buitenlanders) was given the task of carrying out a programme of aid, in the form of co-financing and assistance, for small investment projects in migrants' countries of origin, initiated by the workers themselves.

The number of foreign workers in employment at the end of 1981 was 226 300, including 76 200 Community nationals; this figure includes frontier workers.

United Kingdom

47. The forecast increases in economic activity and production did not materialize. The employment situation in industry continued to deteriorate, particularly in industry (1.4 million jobs lost in three years).

The fall in inflation and the recovery in profit margins in certain sectors has not so far led employers to forecast an increase in recruitment levels.

The extremely high level of unemployment (3.3 million, i.e., 13% of the working population) is unlikely to change significantly before the middle of next year.

The matter of greatest concern is the growing number of long-term unemployed, of whom about one quarter are young adults; the number of under-25s unemployed for over 12 months has increased by more than 50%, going from 200 000 to 310 000 in one year.

School leavers (who account for some 300 000 of the 3.3 million registered unemployed) remain the prime objective of government employment policy. The Youth Opportunities Programme was again given pride of place in 1982; allowing 550 000 young people to acquire work experience for periods of six months on average. Next year this scheme will be merged with the youth training scheme to which UKL 1 100 million a year will be allocated.

The Young Workers' Scheme came into effect at the beginning of the year and is designed to encourage employers to recruit more young people at lower wages in view of their lack of experience and, in many cases, need for training. A weekly subsidy is paid in respect of any young person under 18 years recruited at a wage of less than UKL 45 per week to a full-time permanent job. The subsidy increases in inverse proportion to the wages paid (e.g., UKL 7.50 is paid for wages of under UKL 45, and UKL 15 for wages of under UKL 40). The Government hopes that this scheme will assist 100 000 young people to find jobs during the year; the estimated expenditure for 1982-83 is UKL 60 million.

Various new measures are designed to encourage job creation: schemes providing subsidies for firms set up by the unemployed have been launched in various regions. The Community Programme Scheme initiated in July is designed to provide part-time community work for 130 000 long-term unemployed. These jobs are reserved for people aged 18-24 and unemployed for over six months, and job-seekers aged over 25 who have been unemployed for more than one year.

The Job Splitting Scheme encourages the division of existing full-time jobs into two part-time jobs, which increases job opportunities for the unemployed, through a subsidy (intended to cover costs connected with the reorganization of work) to employers offering part-time jobs to the unemployed.

48. At the end of 1981, the House of Commons Home Affairs Committee reported on the Commission for Racial Equality's (CRE) operations and effectiveness during its first four and a half years of activity. Established by the 1976 Race Relations Act, the CRE has the dual functions of working towards the elimination of discrimination and promoting equality of opportunity and good race relations.

Despite the highly critical report's broad conclusions, the government considers that the CRE is in a 'position to make an important contribution to the

public debate on matters of racial disadvantage by way of information, education and advice'. The government accepted many of the report's recommendations and others are being followed up with the CRE. Under the Race Relations Act 1976, the Commission may issue codes of practice, and in early 1982 it submitted to the Secretary of State for Employment a draft Code of Practice for Employers, for the elimination of racial discrimination and for the promotion of equality of opportunity in employment.

The question remains unsettled of resident British women who have been prevented from living with their husbands by the operation of the immigration rules introduced in 1980. The European Commission of Human Rights accepted as admissible a complaint against a possible violation of the European Convention on Human Rights.

The British Nationality Act received the Royal Assent on 30 October and was brought into force in January 1983.

Chapter II

Vocational guidance and training

Trends within the Community

49. The year under review saw the emergence of a strong movement for reform in the field of vocational training. In the face of evidence of the inefficacy of the short-term programmes organized for certain disadvantaged groups, the governments of France and the United Kingdom responded with a range of initiatives of an innovative character.

Against a background of ever more severe unemployment, young people are finding it increasingly difficult to obtain employment, while training provision in the private sector has been cut back from traditional levels largely because of economic factors. Large-scale training programmes have been introduced in France and the United Kingdom with a view to offering young people who will be leaving school over the next few years an alternative to unemployment and idleness. These programmes aim to make up for the educational shortcomings of participants by means of actual work experience and practice-oriented training.

50. Community action in favour of young people has developed in parallel with action by the Member States and on the basis of the same principles. Following on the first programme of pilot schemes and studies to facilitate the transition from education to working life, which came to an end in December 1982, the Council and the Ministers of Education approved a second programme of pilot schemes and studies.

51. The aims of these initiatives are detailed in the Commission's communication to the Council concerning 'Vocational training policies in the European

Communities in the 1980s¹, which endeavours to present an overall picture of current and future needs in the Member States as regards vocational training. This communication outlines the main problems of the groups most severely affected by the crisis, reviews possible solutions and suggests what might be done by the authorities. With regard specifically to young people, the communication proposes the introduction of a 'social guarantee' to ensure that all 16 to 18-year-old school leavers have the opportunity to undertake at least two years of further training before reaching the age of 25.

The planned reform of the Social Fund² should enable the Community to make a financial contribution towards the achievement of this goal.

52. The year under review saw the continuation of other Community activities in this field, notable examples in relation more particularly to linked work and training being the pilot schemes financed by the European Social Fund in almost all the Member States and a programme of exchanges for experts from Denmark, France and the United Kingdom. This 'linked' approach to the problem of training young people has considerable potential as a model for the implementation of new policies aimed at overcoming the excessive rigidity of existing systems. It can also reasonably be expected to play a significant role in relation to the retraining of adults.

53. A further major facet of Community action in this field during 1982 was the Commission's communication to the Council on 'Vocational training and new information technologies: new Community initiatives during the period 1983-87'.³

The purpose of this communication is to suggest strategies for coping with the repercussions of the inevitable reorganization of methods and structures of production without placing artificial and, in all probability, ineffectual barriers in the way of technical progress.

The communication considers the consequences of this reorganization for training systems and reviews possible ways of bridging the gap between the qualifications with which workers are normally equipped by the traditional education and training systems and those now necessary to cope with the innovations in production processes.

¹ COM (82) 637 final, 21.10.1982.

² Points 13 and 14.

³ COM (82) 296 final, 3.6.1982.

54. Throughout 1982 the European Centre for the Development of Vocational Training continued to provide specialized back-up for the Community's activities.

The Commission has been able, thanks to its close collaboration with the Centre, to enjoy the benefit of the latter's intimate acquaintance with the situation in the productive system, which is undergoing fairly profound changes in all Member States. In particular, work on the approximation of training levels (relating specifically to skilled-worker level) has reached the point where it is feasible to envisage the establishment of a legal framework to consolidate the results achieved.

Development of the situation in the member countries

Belgium

55. There were no significant developments in vocational training this year. This can be put down chiefly to a lack of funds and the financial difficulties facing the public authorities.

During the year, 13 425 trainees—of whom 8 979 were unemployed—completed courses organized by the National Employment Office, while around 1 800 others completed training programmes in centres set up with the support of industry or in other approved institutions. These are relatively modest figures given the extent of unemployment in Belgium.

The only appreciable increase in training provision was in individual training taking place in firms. In the first six months of the year some 1 500 trainees were benefiting from these arrangements, the same number as for the whole of 1981.

56. As for legislation in this field, a Decree by the Flemish Executive dated 14 July 1982 introduces specific provisions for persons undergoing vocational training. Trainees now receive a fixed payment on top of their unemployment benefit; this regime replaces for Flanders existing national regulations (Royal Decree dated 30 October 1975; concerning retraining wages).

57. In the area of vocational training and preparation for working life, new procedures are being devised for work undertaken by the psycho-medical and

social (PMS) centres specifically to help apprentices and school-leavers. At the same time, the schools are endeavouring to gradually familiarize groups of young people with a working environment by organizing visits to firms, lectures and above all regular visits to the shop floor, which normally entails spending half a day per week in a factory throughout the school year. In addition, a number of pilot schemes linking training with work experience are being carried out on a voluntary basis, and these have generally met with approval.

Denmark

58. The main development this year in the field of vocational guidance and training for young people was the adoption of measures aimed at countering youth unemployment¹ which the government submitted to Parliament on 31 March. The provisions in this 'March package' were adopted by the *Folketing* on 4 June 1982.

The government then in office regarded the 'March package' as the first of a series of measures designed to offer training or employment, from 1984 onwards, to all young people. The new government, which took office in September, will give priority to expanding the educational possibilities open to young people.

59. Aside from legislation aimed at boosting employment, the 'March package' contains two laws on vocational guidance and training for young people.

One of these obliges local authorities to ensure that young people receive guidance on training and employment opportunities at appropriate intervals in the two years after they leave school.

The other seeks to stimulate further the creation of apprenticeships and traineeships in private firms. Under this law, a firm is entitled to get subsidies if it creates new apprenticeships or traineeships such that the number of training places in the firm is either maintained or increased. In addition, the law contains provisions aimed at shortening the procedure for establishing new apprenticeships or traineeships. The measure relating to subsidies is expected to be temporary.

60. The 'March package' also contains other measures to expand educational possibilities.

¹ Point 31.

The number of apprenticeships and traineeships in the public sector was increased as was the number of places available or vocational courses organized by industry.

The government then in office estimated that 'March package' would mean that a total of nearly 23 000 training places would be created in 1982.

Federal Republic of Germany

61. The aim of the federal government is to do everything in its power to provide all young people with training in skills which will secure their long-term future at work and in society.

The underlying assumption is that, against a background of technical, economic and social change, a measure of the quality of vocational training will be the extent to which it facilitates flexibility and mobility in addition to providing a broad-based vocational qualification. Training schemes are thus to be modernized yet further with extra emphasis being placed on wide-ranging basic knowledge.

The Law on Vocational Training provides for broad-based basic vocational training in the context of the dual training system (i.e. training on the job and in schools and colleges).

Additionally, the basic vocational training year, which trainees may undergo entirely in a school or under the dual system, is being introduced by stages.

62. More than one million young people left school (general education) in 1981. Some 63% of pupils leaving school on completion of lower secondary education intended embarking on training under the dual system, either immediately or after first attending a vocational school. About 13% of pupils eligible for university education are also expected to enter the dual system.

In 1982, 631 057 training contracts were concluded, i.e. 25 421 or 4.2% more than in 1981.

The overall demand for training places was 667 048, i.e. 6.3% more than in 1981. The supply of training places was 651 212 i.e. 1.3% more than in 1981. However, demand was greater than supply in 9 of the Federal Republic of Germany's 11 *länder*.

As in past years, demand for vocational training places has focused on 25 of the 439 recognized skilled trades occupations (65.2% among male and 82.5% among female applicants).

63. Regional disparities apart, there are also training problems which affect specific groups, in particular young women, young people with inadequate educational qualifications, children of migrant workers and handicapped young people.

The federal government's scheme for the training and employment of young women in industrial and technical occupations and the support schemes of many of the *länder* indirectly inspired by that scheme have helped to increase the readiness of a sizeable number of firms to train young women in industrial and technical occupations. Many firms have felt encouraged to make their contribution to the training of young women; others have continued along the path they were already following.

Generally speaking, it may be said that the interest in training for industrial and technical occupations on the part of female school leavers and of firms authorized to provide training has increased visibly over the last five years. However, this interest, which is being increasingly shown by young women and by firms, is not reflected to the same extent in the number of applications and recruitments.

According to the Federal Institute for Research on Vocational Training, however, successful completion of a training course in such an occupation is not enough to produce a lasting change in the attitudes of girls towards applying for jobs. To produce such a change, girls would need more teaching in scientific and technical subjects at school and would have to be able to feel that they had genuine opportunities in such occupations after completing their training. All the same, recruitment figures for the period from 1977 to 1981 show a clear and continuing trend towards the industrial and technical training of young women.

While the overall figures for trainees rose 22% in the period from 1977 to 1981, the overall figures for female trainees rose by 27% during the same period. The percentage of young women in the industrial and technical occupations covered by the federal government's scheme rose considerably during that period.

64. A scheme launched in the autumn of 1980¹ by the Federal Minister for Education and Science to promote vocational training for disadvantaged young people will enable—in the 1982/83 training year—some 6000 pupils who attended a special school, pupils who left secondary school without a leaving certificate and young foreigners who failed to obtain a training place despite participating in vocational preparation schemes, to undergo training in recognized occupations. Of these, some 5000 will receive training in joint training

¹ Social Report 1981, point 72.

centres, while roughly 1000 will be placed, under the new training subsidy scheme, in firms authorized to provide training.

DM 124 million have been made available for this scheme for 1983, so that up to 11000 young people may benefit from it in the 1983/84 training year.

65. Under the pilot scheme to promote the training of young foreigners in recognized skilled trades/occupations 19 projects involving 170 firms have been launched. In 1981/82 a total of DM 230 million were made available for vocational preparation and social integration measures aimed at young foreigners.

66. Young people who cannot avail themselves of vocational training facilities for the handicapped owing to the nature and severity of their disability can attend special joint training centres.¹ The capacity of these centres was increased to 8700 training places in 1982 with the completion of seven new facilities. With the completion—expected for 1983—of facilities at present under construction, some 10000 training places will be available for severely handicapped young people by the end of 1983 in a total of 37 centres.

Greece

67. The Ministry of Education has introduced a batch of new legislative measures and regulations affecting vocational and technical education at secondary and tertiary level. The aim is to modernize this sector, make it more democratic and gear it to the country's economic development programme and the need for trained managerial staff in the industrial and services sectors.

68. Accordingly, changes have been made to the requirements for access to vocational and technical education. Until last year, pupils wishing to attend a senior secondary technical and vocational school (*lykeion*) had to pass an entrance examination. The new government has now decided to open these schools to any pupil opting for technical and vocational education, while at the same time pupils in the junior secondary schools (*gymnasia*) wishing to go on to such schools will be given better careers guidance to help them make up their minds.

Pupils at technical and vocational schools will be able to take some of the preparatory courses given in the non-technical schools or continue with vocational and technical training courses on which they have already embarked. The new system will make it possible for pupils who do not wish to go on to higher

¹ Social Report 1981, point 73.

education to opt in the third and final year of senior secondary school for courses in which they will acquire the knowledge, skills and experience required to equip them for working life.

69. In the past, high failure rates (75%) at examinations for entry into higher education resulted in the creation of numerous private sector vocational and technical schools to meet the unsatisfied demand for further training. As such schools were independent of the Ministry of Education, teaching standards were not monitored and the diplomas awarded were not officially recognized.

70. Government policy on special education is geared towards improving vocational training facilities for the disabled. A series of presidential decrees has been drawn up with a view to setting up special vocational training centres and carrying out vocational induction schemes in special schools at primary level.

71. As regards the reorganization of vocational training provided by the State, the objective of which is to promote the social and economic development of the community as a whole and the vocational integration of problem groups, the Minister of Education and the Minister attached to the Prime Minister have decided jointly to set up a Central Vocational Training Board (KELE) to be chaired by the Minister of Education and comprising the junior Education Minister, representatives of other Ministries concerned with vocational training policy and representatives of the Employment and Manpower Office (OAED), the Greek Tourist Office (EOT) and the Small Businesses Office (EOMMEX). The KELE will be responsible, among other things, for coordinating measures taken by the various participating bodies and outlining training schemes to help the unemployed, under-qualified workers, school-leavers who have had no vocational training, women with no vocational skills, disabled people and other problem groups. This year the State training programme cost upwards of DR 1 000 million.

72. The government has also introduced a number of labour market policy measures which take account of the role of vocational training in reducing unemployment and for which European Social Fund assistance will be requested. The Greek Productivity Centre (ELKEPA) and the Employment and Manpower Office (OAED) will finance training and employment programmes for young people and accelerated programmes in the skills in demand on the labour market are to be established. In addition, businesses which recruit and train disabled workers will receive grants.

France

73. The vocational training system is gradually being transformed along lines emerging from the debate on this subject over the last two years and the summary report published by the Ministry for Vocational Training.

In the words of the responsible Minister, 'vocational training is one of the government's top priorities'. The measures considered frequently entail radical changes: regional planning of training activities, obligation on employers to negotiate training plans, paid training leave, new distribution of training costs, etc. The budget appropriation for vocational training will be increased by 65% over two years.

However, the new outline law will not be finalized until 1983 and priority has been assigned to certain aspects of the government's programme. Consequently, 1982 government measures related to the occupational and social integration of young people and consideration of the reform of continuing vocational training.

74. An induction and training operation for 100 000 16 to 18-year-olds has been set in motion, requiring the creation of over 1 000 reception offices and mobile units.

Programmes will be based on linked work and training schemes lasting from six months to two years and will include general and theoretical courses provided by recognized training bodies under agreement, in conjunction with practical training sessions in a working environment.

The programme is intended for the following categories:

- (i) young people likely to benefit directly from vocational training;
- (ii) young people suffering from educational and social difficulties and in need of preparatory training;
- (iii) young people in an intermediate situation likely to benefit from a period of intensive guidance over several weeks to help them in their choice of career.

The training/work experience programmes will lead to a recognized qualification (State or similar certificate, or qualifications recognized by a sectoral agreement).

Concurrently with this measure, substantial resources mobilized by the principal nationalized industries, among others, will make it possible to offer 100 000

employment/training contracts, 125 000 new apprenticeships and supplementary measures for 35 000 others in the 18-21 age group.

75. The reform of continuing vocational training is less advanced: three study groups have drawn up basic documents to assist the government in its decisions.

The aim is to update the 1971 Law by extending the right to continuing training to those at present excluded.

Action could be taken in various areas: consultation and negotiations in respect of vocational training policy, wider recourse to training leave, continuing right to information and guidance.

In the context of collective negotiations in this field, a significant agreement was concluded between employers and trade unions on 21 September. It extends the right to individual training leave and provides for closer collaboration with the trade unions on training questions.

Ireland

76. Two features dominated the situation in Ireland during 1982—the establishment of the new Youth Employment Agency, and the substantial increase in the number of people undertaking training courses.

Youth Employment Agency

The Minister for Labour launched the new Youth Employment Agency in March. IRL 41 million has been allocated to it for 1982 (derived from a 1% levy on all incomes) for the training and employment of young persons. Its board of directors includes representatives of both sides of industry, government departments and agencies, and youth organizations. One of the agency's main tasks will be to ensure that State funds reach those young people who, because of poverty, educational deprivation or other causes, are most in need. Furthermore, it will be able to give direct aid to young people in the establishment of enterprises and cooperative ventures, thus helping them towards self-help.

Numbers in training

The substantial increase in the number of trainees trained by AnCO (the Industrial Training Authority) in 1981¹ was maintained and still further in-

¹ Social Report 1981, point 79.

creased in 1982. AnCO's aim was to increase its throughput of trainees by about 30% over its 1981 figures, making a total of some 24 700 persons expected to benefit from AnCO training courses in 1982: 75% of AnCO's trainees are under 25 years of age, and about 10% are engaged on apprenticeship courses. The majority of trainees (10 400) undertake training courses in AnCO's own training centres, whilst a further 6 600 are trained by agencies in industry or education at AnCO's expense. Training opportunities under the Community Youth Training Programme were being increased by some 60% to 3 400 trainees. The number of trainees in special workshops for severely disadvantaged persons was expected to amount to some 1 100 in 1982.

Italy

77. Reflecting the extremely complex situation of the national economy, the vocational training sector is at present going through a transitional phase.

Two main trends can be discerned. Under outline Law No 845 of 1978 several regions are attempting to change both the means employed and the content of traditional types of training to produce more effective results as regards placement and job stability. Parliament is discussing two legislative measures intended to provide a better definition of modern vocational training (the drafts contain proposals for the reform of upper secondary education and the apprenticeship system).

78. On the practical side, one of the aims is to increase productivity by means of:

- (i) innovatory apprenticeship schemes, particularly in the traditional crafts;
- (ii) experiments in the use of training programmes relating to new occupational profiles based on 'families' of trades;
- (iii) supplementary training projects for young people within the secondary education system;
- (iv) vocational training projects for young certificate-holders.

79. On the legislative side, the main innovation was the approval by the Lower House of the draft law on the reform of upper secondary education. The provisions most closely concerned with vocational training relate to:

- (i) the abolishment of vocational training provision by the central authorities;
- (ii) agreements between the central and regional authorities to ensure better coordination between the education and training systems where they continue to co-exist.

The proposed reform of the apprenticeship system is hotly debated and is unlikely to be approved in the near future. It concerns large numbers of young people (about 700 000 in all) in nearly every sector. The trade unions are in favour of gradually transforming the apprenticeship contract into an employment/training contract, to provide a better guarantee regarding the training provided.

80. In 1981/82, 262 485 students enrolled in vocational training centres against 444 103 in State vocational institutes (including 167 360 first-year enrolments). These figures represented increases of 7.9% and 3% respectively compared with the previous year (0.9% for first-year enrolments). The figures reveal an ever-increasing interest in short courses offering good qualifications likely to lead to employment without delay.

81. Only in recent years have regions and industry made particular efforts to open up retraining opportunities for adults: many structural weaknesses persist in this area.

Luxembourg

82. On 29 June 1982, the Economic and Social Council adopted a clear position on the role of vocational training in the economy of the Grand Duchy in the next few years. This role is considered vital if the country is to have a future among the most technologically advanced societies.

In an opinion on the economic and social situation of the country, a number of problems were raised in connection with the major topics of interest in this regard: replacement of teaching equipment, innovations in the apprenticeship system with greater coordination between the practical and theoretical components, training leave, and training for jobs in the services sector. Special attention was paid to occupations in the banking sector, particularly in relation to higher education. In addition, general guidelines were laid down for the education and training of immigrants.

As regards legislation, the Grand Ducal Regulation of 28 April 1982 established the framework for disseminating information on social and economic questions and improving vocational skills in the agricultural sector. The aim is

to improve training levels in farming by introducing a number of measures to support action taken in this sector, particularly with regard to management techniques and processing and marketing methods for agricultural products.

The Netherlands

83. A wider range of opportunities for full or part-time education after compulsory schooling was made available, corresponding to the increase in the number of schools and educational facilities.

At the same time, new alternatives will soon be offered, particularly the short vocational training course (MBO) and the Open University.

84. In the first half of 1982, the Lower House approved the draft law concerning the 'curricula' for training courses for the service sector and the health professions; these new measures are designed to extend the aims and structures of intermediate-level training in social services, health, home economics and related sectors.

85. A number of vocational training measures were introduced for unemployed young people:

- (a) training courses were set up for the young unemployed in support of measures to encourage their recruitment, possibly for jobs created under the 'Youth Employment' plan;
- (b) the vocational training aid system was extended to all young people under 23; under this system, a subsidy is granted to employers offering young people the opportunity of following apprenticeship courses;
- (c) special measures were taken under the WVM (Werkgelegenheidsverruimende Maatregelen—job creation measures) plan for the benefit of the long-term unemployed. The aim of these measures, in which the emphasis is on the acquisition of occupational experience, is to link training places with job opportunities;
- (d) through pilot schemes for young people, an attempt is being made to integrate various job-creation measures; special attention is given to the most disadvantaged groups.

86. Adult education is by far the most rapidly expanding sector.

This is very clearly a result of increased participation in part-time courses (day and evening) given by the main institutions (VWO, MAVO, HAVO).

Between 1978 and 1980, attendance at day and evening classes went up by 71% and 58% respectively; altogether, more than 107 000 persons were following part-time courses in 1980.

There has also been an increase in the number of persons following other forms of adult education, particularly vocational refresher courses (by 25% in one year) and training schemes for young adults (up by 7%).

The authorities consider that the training of adults already in jobs is the responsibility of the employers. The following instruments are available in this area:

- (i) Regulation on 'Training and cooperation between the Government and industry' (SOB);
- (ii) Regulation on training costs (SWR);
- (iii) vocational training centres for adults (CVV).

On 6 September 1982 the government published an information memo on training and the information technologies. It describes future developments with regard to the promotion of training in information technologies and the adaptation of general training programmes to the requirements imposed by the development of these technologies.

United Kingdom

87. In the financial year 1981/82, the government spent UKL 354 million through the Manpower Services Commission's Training Services Division on actions to help meet the economy's needs for skilled manpower, and to encourage the development of more efficient training arrangements throughout industry and commerce.

88. The most significant developments during 1982 were the abolition of the majority of the Industrial Training Boards and their replacement by voluntary arrangements, the continued sharp down-turn in the numbers receiving vocational training, and the establishment of schemes to implement various parts of the government's New Training Initiative.¹

¹ Social Report 1981, point 95.

The Industrial Training Boards

Parliamentary orders have been made to abolish 16 of the statutory Industrial Training Boards, and to make changes in the industrial coverage of some of the remaining seven Boards, covering engineering, construction, clothing, rubber and plastics processing, hotel and catering, road transport, and the offshore section of the petroleum industry.

The emphasis will now be on alternative voluntary arrangements for the sectors where boards have been abolished, with less cost and bureaucracy. Operating costs of these new voluntary arrangements and of the remaining statutory boards will be borne by industry.

Numbers receiving vocational training

Even where statutory training boards still exist, the effect of the recession on the recruitment of trainees continues to worsen. For instance, the number of engineering trainees recruited annually has fallen from 24 532 in 1978/79 to 22 822 in 1979/80, to 20 136 in 1980/81 and to 14 884 in 1981/82.

It is likely to be even lower, around 9 000 in 1982/83, which is not surprising—given the fall in employment in the industry and the recession.

The new training initiative

Plans for implementing the various parts of the 'New Training Initiative' are well advanced. This initiative set out three main objectives for training in the 1980s and beyond. More open and flexible forms of skill training, based on agreed standards of skill, should be developed. The vocational preparation of young people should be improved by offering a combination of work experience and related training and education. More training and retraining opportunities should be opened up for adults.

89. On 21 June, the Secretary of State for Employment announced details of a new Youth Training Scheme starting in September 1983. The scheme will provide 460 000 training places for all 16-year old school-leavers, whether employed or unemployed. The resources allocated should also be sufficient to provide for 17-year-old school-leavers who become unemployed in their first year after leaving school. Young people will receive a full year of work experience as well as counselling and guidance throughout. Trainees will receive an allowance of UKL 25 per week whilst on the scheme.

Under the Training for Skills Programme, through which grants can be made to employers in respect of additional apprentices recruited and to help redundant

apprentices complete their training, over UKL 50 million is being made available in 1982-83 to support up to 35 000 apprentices.

The Training Opportunities Scheme provides intensive training for adults who are unemployed, changing their job, or seeking to re-enter the labour market. Some 61 000 persons completed TOPS courses in 1981/82 at a cost of UKL 238 million, and a similar number are expected to do so in 1982/83. Some special courses were run for persons with special needs, including women, disabled people and redundant executives. Particular attention was given at technical level to electronic and microelectronic skills.

An 'Open Tech' programme has been set up. This will improve access to training, especially at supervisory and technician levels, by the use of open and distance learning techniques.

Chapter III

Industrial relations

Trends within the Community

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

Consultation with the two sides of industry at European level was particularly close in the context of preparations for meetings of the Standing Committee on Employment and of Commission activities in connection with the reorganization of working time, work-sharing and the new technologies.

The year under review nevertheless saw a certain deterioration in the climate of industrial relations at Community level.

The 24th meeting of the Standing Committee on Employment, whose deliberations were devoted to the reorganization of available work and youth employment, showed deep divergences both between the two sides of industry and between Member States in respect of the action to be taken in the immediate future, notably with regard to the reorganization of available work.

Taking the view that preparations for the Standing Committee meeting had been inadequate since there had been no proposals on economic and employment policies in general and maintaining that the conclusions suggested by the Chairman were unacceptable, the representatives of the workers' organizations walked out of the meeting before its close.

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

The difficult economic and industrial climate and its social impact on specific sectors has been a particular cause for concern during the year, especially in hard-hit sectors such as steel, construction, automobiles, textiles and clothing, shipbuilding and fishing. Close contacts have been maintained with the representatives of such industries in order to study the problems that these sectors have to face. In the steel sector, for instance, the special programme to assist the early retirement of older steel workers was put into operation, although in the fishing industry the social programme for fishermen approved by the Commission in 1981 remained to be accepted by the Council.

Contacts have also been maintained and developed with representatives from sectors which are covered by Community measures and where progress can be made in improving social conditions generally. Issues raised in such sectoral contacts have included the impact of new technologies on individual sectors, especially with regard to employment and training, and the Community-wide push for shorter working hours with implications for employment, work organization and remuneration.

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

The Executive Committee of the European Trade Union Confederation (ETUC) organized in 1982 a large-scale campaign with a view to clarifying and publicizing trade union demands as regards the employment and training of young people.

At its Statutory Congress in The Hague (19-23 April) the ETUC demanded that all governments and European institutions make the achievement of full employment the central objective of their economic and social policies. With a view to promoting and sustaining an economic recovery, coordinated national and European measures should be taken with regard in particular to purchasing power, investment, counter-inflationary policies, labour market policies and North-South relations. The ETUC also reiterated its view that cuts in working time have a vital role to play in helping to re-establish full employment, calling as a matter of urgency for the adoption at Community level of outline instruments leading to the negotiation in the individual member countries of real reductions in working time.

93. At its meeting in October, the Executive Committee of the ETUC established its priority demands as regards working conditions. Amongst other things, it calls for a legal instrument to be adopted on industrial medicine and plans to conduct an information and action campaign on the fight against

occupational cancer. The main demands are, however, concerned with the new technologies and the reorganization of working time. The ETUC considers that firms should be required to consult the unions prior to the introduction of any new technology—and at a stage when it is still possible to influence the decision-making process. With regard to the reorganization of working time, the ETUC demands the introduction of a fifth shift for round-the-clock shiftwork and the adoption of measures to restrict overtime and night work.

94. The year under review saw a continuation of the process of adjusting trade union structures in line with the economic and social integration of Europe.

Mention should be made in this context of the Interregional Trade Union Council for the Nord/Pas-de-Calais/Hainault/West Flanders area which the French and Belgian unions established on 28 June under the auspices of the ETUC, recognizing that ongoing interregional cooperation between trade union organizations is necessary at both sectoral and multisectoral levels for the promotion of the economic, social and cultural interests of workers in this area of the Community.

95. The Employers' Liaison Committee, which speaks for the whole body of private sector employer representatives, made a number of statements on the question of working time during the year. Whilst not opposed to a dialogue on the reorganization of working time in line with industrial restructuring, the ELC regards as fallacious the idea that unemployment can be alleviated by a reduction in working time.

Special mention should also be made—in the context of safety at work—of the various statements issued and steps taken by the employers' representatives with regard to the protection of workers against noise. The views expressed in this connection diverge markedly from those underlying the Commission's proposal for a Council Directive.

Finally, the ELC submitted an opinion on youth employment to the Standing Committee on Employment and will shortly be following this up with a report on the same question.

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

After lengthy deliberations, the European Parliament endorsed the proposal for a Directive on procedures for informing and consulting the employees of undertakings with complex structures, in particular transnational undertakings,

subject to a number of amendments and the Commission indicated the extent to which it felt able to take account of Parliament's suggestions.¹

The European Trade Union Confederation (ETUC) is of the opinion that the amendments approved by Parliament would narrow the scope of the Directive and impair its effectiveness to such an extent as to reduce it to no more than a code of conduct, whilst the Union of Industries of the European Community (UNICE) in contrast remains totally opposed to the Directive, arguing that the need for such an instrument has never been demonstrated.

For its part, the Commission has indicated that a proposal amended in the light of the opinions of the European Parliament and the Economic and Social Committee and of consultations with the two sides of industry will be presented to the Council in spring 1983.

Development of the situation in the member countries

97. In *Belgium*, intensive tripartite multisectoral consultations took place over the period in question and dealt with measures to promote economic and financial recovery and job creation.

The trade unions strongly opposed the government's measures for the temporary suspension of wage indexing and the reorganization of the social security system. The conclusion of an employment pact designed to guarantee employment levels in the private and public sectors until the end of March 1985, mainly through job-sharing measures, was opposed by both workers' and employers' associations.

Wide-ranging consultations were initiated in September on the equilibrium of the social security system, wage restraint, work-sharing, industrial policy and the introduction of new technology.

A reduction in working time and the adoption of a wage restraint policy from 1 January 1983 were to be the key points of a new multisectoral agreement.

Negotiations did not lead to agreement on the government proposals relating to the adoption of new wage measures for 1983, which took the form of limits on index-linked wage increases based on standard amounts for the first two instal-

¹ Statement by Mr Richard to the European Parliament, 17 November 1982—COM (82) 758 final, 17.11.1982.

ments and longer intervals between subsequent increases; other provisions concerned reductions in working time (5%) combined with a requirement to recruit additional workers (3%).

However, the government decided to issue decrees under the special powers to implement wage restraint measures. Negotiations relating to work-sharing and reductions in working time were transferred to joint committees in the different sectors.

Collective bargaining activity does not seem to have been intensive; however, one agreement of interest covered the introduction of new technology in a news agency: it provides for the protection of employment and skills, the application of rigorous ergonomic and medical rules, and information for trade union representatives. Another agreement covering the leading firm in the distributive industry concerns early retirement pensions.

The social climate was disturbed in the first half of the year by a number of disputes in various sectors triggered by the freeze on index-linked pay increases and measures to reorganize the social security system (steel, mechanical engineering, railways, hospitals, the teaching profession, public transport, local authorities, etc.).

At the end of November and early in December, two one-day general strikes were called affecting various provinces in turn. The strike action was directed against both the employers and the government (at least this was the aim of the FGTB), the chief purpose being to bring pressure to bear on the current negotiations concerning work-sharing and reductions in working time.

98. *In Denmark* one of the schemes proposed by the outgoing Social Democrat Government shortly before leaving office in September 1982 consisted of a plan for joint discussions with the two sides of industry.

The discussions would have concerned the question of the reduction of working time without affecting production costs, paid training leave, the compensation of overtime by time-off and the link between income growth and other economic variables (with a view to restricting the growth of wage costs). However, the policy of the new government was based on three main premises: cuts in public spending, improving industrial competitiveness, and simplifying bureaucracy. The new government did not engage in tripartite negotiations with unions and employers, but did suspend wage indexation until 1985 and recommended a 4% p.a. ceiling on wage rises in the next collective agreements.

Negotiations between the Trade Union Federation (LO) and Employers' Association (DA) on the renewal of collective agreements followed the previous

pattern on the main points. The only major change was that the LO/DA negotiating committees met before direct negotiations between the two sides of industry. The committees may submit a joint opinion to the two sides of industry on the bargaining context and discuss the chances of solving certain problems likely to be raised in most sectors. Negotiations between both parties had a deadline for completion by 7 January 1983, failing which they will continue under the Conciliation Board, assisted by the LO and DA.

In the negotiations the LO recommended its member organizations to concentrate on maintaining solidarity with the lowest paid, reducing working hours with full wage compensation for low-paid workers and partial compensation for others, and increasing payments into the Training Fund. The DA recommended that employers concentrate on abolishing automatic wage indexation, lowering wages for 18-21-year-olds and others with a low seniority on the labour market, and on a three year agreement period (the LO preferring a shorter one).

99. Awareness of the grave economic crisis through which the Member States have been passing for some years now was a major factor conditioning the industrial relations climate in the *Federal Republic of Germany* during the year under review. Both sides accepted that close cooperation was essential if the economic problem facing the country were to be overcome, though this acknowledgment has yet to be reflected in any institutionalized form ('concerted action').

As a consequence, negotiations between employers and unions during the early part of the year passed off without major incident, aside from isolated token strikes. Pay settlements broadly followed the pattern set by the largest of the DGB's constituent unions (IG Metall)—namely for wage and salary increases averaging 4.2%.

Relations were less harmonious where economic and social policy in general was concerned, largely owing to a diametric opposition of views regarding solutions to the ever-growing unemployment problem. Whilst the unions advocated measures to increase purchasing power and shorten working time, the employers proposed investment incentives and action to reduce public expenditure deficits, including those in the social security field, as the main instruments for tackling the current employment problems.

Proposals for reductions in social benefits advanced by the SPD/FDP coalition, which fell in September, met with opposition from the unions. The new CDU/CSU/FDP Government nevertheless decided, in the light of the growing budgetary deficits, that policies should continue to be directed towards reductions in some social benefits.

The new federal government also got very quickly in touch with the worker's and employers' organizations in order to ensure their cooperation with its economic and social policies. Indeed, if their organizations are not willing to participate in solving the ever-growing problems of Germany in the economic and social fields, there is small probability that social peace may be maintained.

100. In *Greece*, the first year of office of the government formed by the Panhellenic Socialist Movement (PASOK) has been marked by a fundamental review of trade union structures and the legal framework which governed them. New trade union legislation (Law 1264/82) was enacted on 1 July.

A judicial decision of 16 December 1981 had already resulted in the replacement of the existing members of the governing body of the Greek General Confederation of Labour by new members. This procedure was challenged by those displaced. The ETUC decided to wait for the results of the trade union elections planned for 1983.

The government has met trade union demands for the reduction of working time and the ratification of ILO Conventions 103 (on working women) and 111 (abolition of discrimination in the workforce). Such demands have not so far been satisfied in certain areas, such as the amendment of existing legislation to conform with the EEC Directive on mass dismissals, the establishment of works councils and the conditions of recruitment.

Following a period of exceptional tranquility in industrial relations, there was a noticeable increase in the level of strikes in the summer, with sustained industrial action in the banking sector, public transport and the national airline. From November 1981 to August 1982, the number of hours lost due to industrial action fell by 32%.

101. In *France* the government pursued policies aimed at improving the purchasing power of the lowest-paid categories and combating inflation and unemployment.

Of particular importance are the various laws adopted to implement the report on workers' rights drawn up in 1981 at the initiative of the Minister of Labour. The main purpose is to enable workers to play a full role in their firm and act as instigators of change.

The deterioration in the economic situation led to a devaluation of the franc in June in the context of a currency realignment within the European Monetary System. Despite the disapproval of the trade unions and concern of the employers' associations, to make sure that the purpose of the devaluation would be achieved the government decided to freeze prices and wages for four months; at

the same time, in close cooperation with the two sides of industry, it made preparations for the ending of the freeze on 1 November 1982 and the imposition of a period of price and wage controls.

With respect to collective bargaining, a codicil to the multisectoral agreement of 9 July 1970 on vocational training and further training was signed on 21 September 1982. It eases conditions of access to individual training leave and reinforces the works councils' role in training matters. However, the question of a reduction in working time and the arrangements for lifting the freeze on wages were the central issues of collective bargaining over the period concerned.

Pursuant to the protocol agreement of 17 July 1981 on working time and the order of 16 January 1982 on working time and paid leave, discussions took place in various sectors in the first six months of the year. They led to the signature of 58 agreements covering 8 of the 12 million employees in the private sector.¹

With respect to arrangements for lifting the wage freeze, negotiations have been initiated in nearly all sectors but have not been very dynamic since the government laid down excessively rigid limits within which bargaining could take place. The trade unions are pursuing a twofold objective: maintenance of the purchasing power of aggregate wages, and distribution of the latter to benefit the lowest paid and most recently recruited workers. The negotiations covered 135 branches comprising 75% of all private-sector workers; they resulted in agreements (applying to about 30% of the workers concerned) or recommendations by the employers.

Major disputes broke out in the motor vehicle industry, the banking sector and the airlines, although in general industrial disputes are tending to decline in number.

102. In Ireland about 300 000 days were lost through industrial disputes during the year with 436 000 days lost in 1981. Disputes took place in an insurance company, a supermarket chain, mining and Dublin municipal workers, but no major strikes occurred.

103. In Italy, political events have had repercussions on industrial relations. Uncertainty at policy-making level, largely due to the absence of objectives for long-term programmes, has affected relations between the two sides of industry and between the latter and the public authorities.

¹ Point 118.

The only important problem solved over the period in question was that of setting up new rules governing allowances in the private sector when work relationships come to an end.

However, other problems affecting industrial relations were tackled and solutions were proposed: controlling inflation, curbing the rise in labour costs, reform of employment services, worker mobility, proposals for regulating part-time work, proposals to amend the legislation on fixed-term contracts.

Sharp differences developed between the two sides of industry on the subject of labour costs and this delayed negotiations to renew collective agreements affecting over 10 million workers in 1982.

The employers' associations in the private sector, followed by those in the public sector, followed up their oft-repeated intention of terminating the inter-trade agreement of 1975 on the index-linking system.

The unions' list of demands in connection with the renewal of the sectoral agreements relates to a number of significant issues: extension of workers' right to information in advance of reorganization measures or the introduction of new technology; increase in the number of overtime hours to be compensated by rest periods; reduction in part-time working, etc., the most significant being reductions in working time—usually to 38 hours a week—to alleviate unemployment.

Collective activity was on a reduced scale. In the public sector, the railway workers' agreement was renewed and the first agreement for air traffic controllers was concluded. In the private sector, the agreement covering the printing and allied trades incorporated employment guarantees in conjunction with the introduction of new technology and established a 35-hour working week.

Collective bargaining at undertaking level was intensive and contributed to establishing good industrial relations at this level. The many agreements signed in the period in question related to work organization, job classification, vocational training, the working environment, remuneration, part-time work and flexitime, technological change and job security.

104. In *Luxembourg*, industrial relations faced problems arising from the worsening of the overall economic situation. Consultations between the government and the two sides of industry, notably within the existing bodies (Economic and Social Council and the Tripartite Coordinating Committee, in particular), continued to play an essential role.

The Economic and Social Council drafted opinions for the government on questions concerning transport, the statutory minimum income, the reform of legislation governing dismissals, tenancy agreements and prices policy.

In the face of the deterioration in the general economic situation and in consequence—especially—of the problems posed by the devaluation of the Belgian and Luxembourg francs in February 1982, it was not found possible to arrive at a consensus within the Tripartite Coordinating Committee regarding the austerity measures advocated by the government. The numerous meetings of the Tripartite Coordinating Committee resulted at the end of March in apparent deadlock and when the government proposed that parliament pass a law introducing austerity measures, the manual workers' trade unions responded with a day of industrial action on Monday, 5 April 1982. The government's proposals finally found expression in the Law of 8 April 1982, laying down special measures to preserve jobs and maintain the economy's general competitiveness. The contentious measure was the modification of some of the procedures implementing the pay indexation system.¹ However, negotiations between the government and the two sides of industry were subsequently resumed and led to an agreement at the tripartite steel conference on 17 November 1982 and to an opinion on employment policy, economic diversification and a prices and incomes policy which was delivered by the Tripartite Coordinating Committee on 24 December 1982.

Despite the overall economic situation, collective bargaining activity was intense. During the year, over 50 collective agreements were concluded; their most significant features were pay rises of between 0.5% and 2.5% and increases in Christmas and holiday pay, as well as in other allowances and bonuses. Some 20 agreements covering non-manual workers were concluded. In the steel industry, the supplementary agreement of 21 December 1982 provided for cuts of between 4.6% and 24.6% in steelworkers' wages, depending on income bracket.

105. In the *Netherlands*, the negotiations between the government and the two sides of industry in December 1981 did not elicit general guidelines for collective bargaining in 1982. As a result, the government adopted a policy of wage restraint under which a maximum limit was set on index-linked wage rises and holiday bonuses were cut, in terms of both percentage of income and absolute maximum amounts.² This policy also covers wages and salaries which are not fixed by collective agreement.

¹ Point 145.

² Point 146.

The other working conditions for these employees were kept in line with the collective agreements by extending the law on wages not fixed by collective agreement.

Since the parties did not reach any agreements at national level, an attempt was made to reach agreement via individual collective negotiations. In most cases, the trade unions were unsuccessful in their attempts to secure agreements on a reduction in working time (generally two hours per week). In some cases (e.g. building industry, metal-working industry) agreement was reached to set up working parties to examine the possibility of reducing working time in the future.

In the course of the year, the principle of automatic wage indexation and the details of its application increasingly became a subject of debate within the trade unions and between the unions and the employers. As a result both the socialist and the Christian trade unions are prepared to discuss the actual form indexation should take. One particular proposal is to use part of the index rise for 1982, due on 1 January 1983, to create jobs. The VNO and NCW (employers' organizations) announced their intention to discuss the scrapping of index rises in 1983, since firms were simply no longer in a position to find the required funds.

In spite of their conflicting views on economic and social policy in general, at the end of November the two sides of industry concluded a somewhat unexpected agreement at national level, in the framework of the Labour Foundation, on the basic economic and social policy to be pursued in the medium term to boost the economy, stabilize prices, improve firms' profits situation and reduce unemployment. In order to improve the employment situation, the negotiating parties in the individual sectors and firms are recommended to redistribute the available work through a reduction in individual working time, more part-time work and measures to combat youth unemployment, while at the same time ensuring that firms' costs do not increase. The negotiating parties were given the option of using all or part of the index increase due on 1 January 1983 and of subsequent index rises for the redistribution of work rather than applying it to wages. For this purpose a law was adopted setting aside existing collective agreements on the payment of index increases.

Since most reactions to this agreement were positive, talks began in many sectors on how to apply the index increase, the payment of which has been suspended pending final decisions regarding the redistribution of work.

Relations between the the two sides of industry and the government deteriorated sharply at the beginning of the year when the latter announced a change in the laws on sick pay, under which the level of sick pay was to be subjected to

limits. After a stream of criticism and trade union action, the proposal was shelved.

After the government had assumed a caretaker role in the spring, elections were held in September and a new Christian Democrat/Liberal Government was formed at the beginning of November. As part of their efforts to reduce the budget deficit and moderate wage rises, the incomes of civil servants and employees of State-subsidized bodies and social security benefits (apart from minimum levels) were frozen as of 1 January 1983.

Negotiations between the trade unions involved and the government led to an agreement on a reduction in working time in the public service and equivalent bodies in 1983 through the introduction of three extra days' leave corresponding to around a quarter of the index increase. This measure is designed to create some 5 000 jobs.

106. In the *United Kingdom*, the level of industrial relations activity has been largely governed by the depressed economic environment. In the private sector there have been few industrial conflicts, despite widespread—and sometimes severe—dismissals and pay settlements generally below the recent levels of inflation. This has been accepted as being a consequence of the loss of competitiveness with other countries and because of the economic depression.

In the public sector, however, trade unions have been less willing to accept redundancies and low pay rises as a result of the economic situation; coupled with recent industrial relations legislation, these developments have been interpreted as a direct attack on the trade union movement. Where the government has direct responsibility for negotiation in the public sector, it has been reasonably successful in achieving low pay settlements without major conflicts. The main exception to this is the conflict in the Health Service, where nurses, ancillary workers, administrative staff and ambulance-men were in dispute with the government over low pay offers. The widespread support of other trade unions and the Trades Union Congress for the health workers (in the form of a day of action) failed to change the government's stance on its pay offer. In some quarters the support was considered more as a trade union protest against recent trade union legislation prohibiting such action than as actual support for the health workers as such.

In a number of nationalized industries, the employers have been less successful in ensuring low pay increases than in other parts of the public sector. However, the refusal of the mineworkers in the autumn to support the National Union of Mineworkers in its call for a strike to force a large pay rise and prevent pit closures is a significant indication of a growing acceptance of pay moderation by groups of workers. The refusal of the TUC to back the railway engine driv-

ers' union (ASLEF) over its refusal to accept more efficient manning systems was a further indication of economic realism taking precedence over union solidarity.

At its congress in September, the TUC opposed any restraint on collective bargaining while supporting close consultation between the unions and a future Labour Government in the handling of the economy. Relations between the TUC and the Conservative government have continued to be cool, there having been no constructive consultation on industrial relations or other policy matters.

At the CBI's autumn conference, the proposal to establish a national economic forum was rejected.

Employee representation

107. In *Belgium* the government's proposed 'employment pact' included a section on measures accompanying the introduction of new technology: it required the prior information of works councils and safety and health committees, the organization of consultations at undertaking level and the establishment of an annual evaluation of the economic and social impact on the firm; the conclusion of sectoral agreements along those lines was encouraged.

The National Labour Council delivered an opinion on the technical problems connected with elections to works councils and safety and health committees.

108. In *France*, the application of the Minister of Labour's report on new workers' rights led to significant legislative activity.¹

Under the Law of 4 August 1982, private sector wage-earners now enjoy a right to express their views directly and collectively on the nature and organization of their work and on the preparation and implementation of measures to improve working conditions in their firm. In firms employing at least 200 workers, the procedures for exercising this right must, for the moment, be defined by agreement between the employer and representative trade unions in the firm, the practical details being established via negotiations to start by 4 February 1983 at the latest. Finally, in the light of experience and the outcome of the negotiations, a law will be adopted by 31 December 1985. This law has elicited wide-ranging reactions from the trade unions and is strongly opposed by the employers' organizations.

¹ Social Report 1981, point 111.

Law No 82-915 of 28 October 1982 concerning the development of worker representative institutions sets up group committees, facilitates the exercise of trade union rights in firms and reinforces the role of works councils, particularly in the economic area, giving them new means of action (compulsory information and consultation prior to the introduction of new technology and the possibility of calling in outside experts) while strengthening the protection of worker and trade union representatives against dismissal.

Law No 82-953 of 13 November concerns collective bargaining and the settlement of industrial disputes. It establishes the requirement to negotiate at branch level (at least once a year in respect of wages and at least once every five years to review the need to revise job classification systems) and at firm level (annual negotiations on current wages, actual duration and organization of working time). With regard to the settlement of industrial disputes, the law makes conciliation procedures optional, reinforces the mediation procedures and specifies that the parties may decide by common accord to submit any disputes not resolved by conciliation or mediation procedures to arbitration.

Finally Law No 82-1097 of 23 December 1982, applicable to firms with a workforce of at least 50, specifies the terms of reference of the committees on health, safety and working conditions. Certainly the most important provision in this law is the clause allowing any worker or group of workers to notify the employer and withdraw from a work situation where he—or they—have good reason to believe there is a serious and imminent threat to life or health.

109. In the *Netherlands*, 1982 was an important year for worker participation. On 1 February, the law on co-determination in education (law on co-determination for workers, parents and/or pupils) entered into force. This was followed on 1 May by the law on worker participation in small firms, which lays down that in principle all firms with between 35 and 100 employees, who work at least a third of normal working hours, must set up a works council.¹ The Economic and Social Council has produced a model statute to help the more than 100 000 firms facing the problem of setting up a works council for the first time.

On 1 October an amendment was made to the General Civil Service Code as a result of which co-determination for officials and other public servants employed by the national authorities has undergone a fundamental change.

¹ Social Report 1981, point 114.

Chapter IV

Working conditions and labour law

Trends within the Community

Working conditions

111. Legislative activity was relatively limited in the Member States in 1982. Unemployment continued to cause national authorities to focus attention on the problem areas of working time and adaptation to new technology. These preoccupations were also reflected in the working programme of the European Foundation for the Improvement of Living and Working Conditions.

112. As to the reduction of working time, there has been some modest progress, despite the hesitations of governments and industry in a number of Member States. The pace and type of such reductions varied from Member State to Member State. In some, there was a concentrated effort to reduce the working week or to limit the possibilities for overtime, in others to increase holiday entitlement or introduce the possibility of earlier retirement to additional groups of workers. There was some tendency towards a further reduction for workers on continuous shifts.

Labour law

113. 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 most Member States were aimed mainly at improving the situation of certain less fortunate groups of workers and at strengthening the legal protection of workers and the defence of their interests, except in the UK where recent legislation has been

aimed at reducing the power of the trade unions while strengthening the rights of employees *vis-à-vis* trade unions.

Development of the situation in the member countries

Working conditions

114. In *Belgium*, on 29 July 1982 the National Labour Council pronounced on a proposed royal decree on overtime. The decree provides for greater flexibility in applying the legal provisions governing the calculation of reference periods and for compensatory rest periods in a way designed to lead to the recruitment of additional workers. Trade union organizations object in principle to the institutionalization of overtime which they say is implied by the proposal, and contest the claim that it would contribute to employment.

Royal Decree No 95 of 28 September 1982 introduced a right to an early retirement pension on demand at 60 years of age, with effect from 1 January 1983. In such cases another worker must be recruited to replace the retiree.

On 1 January 1982, 70% of salary earners enjoyed an average working week of less than 40 hours and almost 45% an average working week of 38 hours or less at the same date. In many cases this reduction took the form of days of compensatory leave. There has been little further reduction during the course of 1982.

Formal tripartite negotiations were initiated on 16 September 1982, with a view to bringing a new multi-sector agreement into effect by 1 January 1983. The Minister of Employment and Labour formulated proposals for the reduction of working time by 5%, accompanied by the obligation to recruit an additional 3% to the workforce. There were separate provisions for firms of less than 50 workers and firms in difficulty. It was decided to transfer the negotiations for their reductions to sectoral or enterprise level, with a deadline of 15 March (or 15 February) for agreement at enterprise level. By mid-December, 18 agreements had been reached, but not always strictly in accord with the government's objectives. Negotiations had broken down in 40 joint committees and continue in 38 others.

115. In *Denmark*, the outgoing Social Democratic Government presented a comprehensive plan for tripartite talks in September 1982, which would have

included the question of reductions in working time and, in particular, the recruitment of additional workers as a substitute for overtime working. The incoming coalition government has not yet followed up the question.

116. In the *Federal Republic of Germany*, the main topic of discussion during the period under review was the question of an all-round reduction in working time as a means of combating unemployment.¹ The trade unions were beginning to work out their positions on this question for the 1983/84 collective bargaining round. Various strategies emerged in this context, with some unions—notably IG Metall (the metal-workers' union)—stressing the need for a shorter working week whilst others, such as IG Chemie (the chemical-workers' union) and the foodstuffs and catering union (NGG), calling by preference for measures to shorten working life overall or the introduction of special collectively agreed pension arrangements.

The employers categorically refused to reduce the working week to less than 40 hours which is now standard for some 96% of workers and negotiations on the introduction of special pension arrangements in the chemical industry also failed to materialize.

Other arrangements involving reductions in working time also continued to bring disagreement between the two sides of industry. Thus the idea of job-sharing was largely welcomed by the employers and rejected by most unions.

The Federal Union of Employers' Associations (BDA) condemned the proposed Community Directive on temporary work. The 'humanization of working life' programme was also criticized by the employers, who argued that too many trivial projects were receiving support, that it was difficult to apply the research findings in practice and that insufficient account was taken of the economic implications of humanization measures.

The campaign to reduce working time did, however, make progress on another front with increases in annual holidays during the period under review. Some 38% of all workers are now entitled by collective agreement to six weeks' annual holiday and a further 45% to between five and six weeks, whereas in 1980 only 4% of workers had an entitlement of six weeks. Average annual leave has risen to 28 days.

117. In *Greece*, the Minister of Labour has submitted general proposals on working conditions to the commission responsible for the preparation of the new five-year plan. These include scientific research on working conditions and, in general, follow the orientations of an earlier report established within

¹ Point 99.

the framework of a programme carried out jointly by the International Labour Organization and the Office of Scientific and Technological Research.

The reduction of legal weekly working hours to 41 from 1 January 1982¹ is to be followed by a further reduction to 40 from 1 January 1983, in accordance with the undertaking of the new government.

118. In *France*, discussions were launched in various sectors following the 17 July 1981 protocol on working time signed by employers' and trade union organizations. These discussions should be seen in the context of the order of 16 January 1982,² which reduced the legal working week to 39 hours and made general provision for a fifth week of paid annual holidays. Agreements have now been signed covering about two thirds of private sector workers. Most agreements provide for a 39-hour week with full wage compensation, with a minority providing for further reductions (for example, a 38.5 hour week in insurance). Reductions for shiftworkers have been more substantial, with a trend towards negotiation of a 38-hour week for continuous shiftworkers and in some cases agreements to introduce a fifth shift (for example in one firm in the glass industry) by the end of 1983, with a reduction in working time to 33.6 hours per week linked to a restructuring of the production process.

Some of the effects of these initiatives are reflected in the reduction of the average weekly hours worked over the past year (September 1981-September 1982) from 40.8 to 39.6 for manual workers and from 40.4 to 39.3 for employees.

While the government has not withdrawn from its commitment to a 35-hour week by the end of 1985, the Prime Minister announced in September 1982 that no further decision would be taken in 1983 to reduce legal limits on working time.

A decree of 16 December 1982, however, provides for a reduction in assistance to firms which have signed solidarity contracts, where these have not resulted in reductions in working time (to 35 hours by the end of 1985 or a reduction of 2 hours before 1 June 1984).

The Teulade report on flexible working time was presented in September 1982 to the Minister responsible for leisure time. The report proposes certain initiatives in the public services, the production of a paper on experimental schemes and, possibly, changes in the law.

¹ Social Report 1981, point 127.

² Social Report 1981, point 128.

119. In *Ireland*, the government has decided to denounce, with effect from the end of February 1983, ILO Convention No 89 which precludes female employment in industry between 24.00 and 05.00 hrs. This action is in line with recommendations made over three years ago to the Minister for Labour by the Employment Equality Agency in reviewing the ban on night work for women. When the measure takes effect, it will be possible for the Minister, following consultation with the two sides of industry, to issue regulations under the Conditions of Employment Act, 1936, which will permit women to work at night in industrial occupations.

The Minister for Labour has indicated that he intends to introduce legislation in the near future to reduce the statutory limit on weekly working time from 48 to 40 hours and to curb excessive overtime working. Overtime above the limits set in the bill would have to be approved by the Minister.

120. In *Italy*, many agreements have provided for a fifth week of annual paid holidays. In the public sector, the working week is now generally of 36 hours, and, in banking, insurance, transport and communications 37.5 hours. In textiles, there is a 36 hour week (6 days of 6 hours per day) in the cotton and woollen goods sectors. In most sectors of manufacturing industry, shift-workers have their breaks included in working time, so that a 40 hour week is effectively the equivalent of a 37.5 hour week for non-shift workers. This 40-hour week, inclusive of pauses, has been reduced to 35 hours for steelworkers and to 37 hours 20 minutes for chemical workers. Reduction of working time continues to be a priority for trade unions in the negotiations for collective agreements now taking place.

121. In *Luxembourg*, there has been no generalized reduction in the working week to less than 40 hours. The law of 8 April 1982, however, provides for stricter enforcement of the 40-hour week, by reinforcing the ban on overtime and introducing more effective control of working hours in the case of persons with more than one part-time job.

122. In the *Netherlands*, a government discussion paper presented to parliament included a radical reduction of the working week—to 32 hours—as an option to be discussed in the context of the creation of employment. The Central Council of Employers' Organizations has, however, decided not to participate in tripartite discussions. This reflects the position already taken by employers in negotiating collective agreements, where discussions on reductions in working time were generally postponed until 1983. The authorities have, however, adopted the principle of a 36-hour week, with 10% wage reduction for workers entering employment.

The age for eligibility for an early retirement pension has now been reduced to 61 for civil servants and teachers. An investigation into the consequences of provisions on early retirement in the metal-working industry has shown that in 80% of cases posts vacated have been filled by workers from other firms and in 11.5% of cases by unemployed persons.

123. In the *United Kingdom*, over 6 million manual workers are covered by agreements which reduce the basic working week to below 40 hours. The main industries affected are chemicals, engineering, construction, printing, transport and distribution. While, in many cases this reduction represents a move towards harmonization between manual and non-manual workers who were already working a shorter working week, reductions have also been made for office staff in the printing industry and in parts of the public sector. While the reductions for manual workers were, typically, from 40 to 39 hours, some agreements have provided for more substantial reductions, for example, chemicals, to 38 or 37.5 hours a week and printing to 37.5 hours.

Annual holiday entitlements have continued to improve. The proportion of workers covered by national collective agreements enjoying at least four weeks' annual holiday was 74% in 1980, 87% in 1981 and is expected to be over 90% by the end of 1982.

Labour law

124. In *Belgium*, a number of royal decrees were issued, including No 11 of 26 February 1982 temporarily modifying the wage indexation system and No 18 of 18 March 1982 establishing procedures for the monitoring of measures to limit employers' costs.

Several other decrees were issued adapting social legislation to cover part-time work: elimination of discrimination against part-time workers with regard to health insurance rules; readjustment of social security provisions for full-time employees moving over to part-time work to bring up a child; changes to the rules on annual holidays for part-time workers.

Several decrees were aimed at promoting employment: creation of an inter-departmental budgetary fund to promote employment and organize an 'alternative' labour market; temporary exemption from social security contributions where young unemployed workers are recruited.

Finally, instruments were adopted laying down procedures for the enforcement of the wage restraint policy in firms. These decrees are intended to ensure that employers use the product of wage restraint for the creation of employment,

investment and price moderation and are monitored by works councils or trade union representatives.

125. In *Denmark*, the *Folketing* adopted a law in May on protection against dismissal for trade union activity, designed to bring Danish law into line with the judgment of the European Court of Human Rights of August 1981. The law prevents an employer from dismissing a worker due to membership of an organization, e.g. a trade union, or a specific organization. It also makes it illegal to dismiss workers for *not* being members of an organization or a specific organization, except when such a practice is a condition of employment.

126. In *the Federal Republic of Germany*, the conflict regarding the legality of token strikes mentioned in the Social Report for 1981¹ was pursued through the various tiers of the courts during the period under review. Whilst the local labour courts generally ruled in favour of the unions, the *land* labour courts—notably the *land* Labour Court for Baden-Wurtemberg—decided that the new ‘flexible action’ tactics—i.e. selective strike campaigns—were unlawful. Since appeal has already been lodged the Federal Labour Court can be expected to rule on this matter in the course of 1983.

The draft law on safety and health at work again met with opposition from the employers in its second version. Criticism centred on the proposal to reduce the statutory standard working week from 48 to 40 hours and thereby limit the amount of overtime worked. Whilst the intention here is to bring legislation into line with the realities of collectively agreed working hours, the employers fear that such a change will restrict firms’ freedom for manoeuvre and increase labour costs.

The trade unions intensified their demands for more extensive participation rights than those provided for in the Law on labour relations at the workplace and the Worker Participation Law, their stated aims including full parity co-determination along the lines of the arrangements applicable in the coal and steel industries. This goal seemed unrealistic under the SPD/FDP coalition and remains so under the new CDU/CSU/FDP Government.

127. In *Greece*, Law No 1264/82 repeals existing legislation dating from 1976 and gives major new rights to trade unions.² These include:

- (i) abolition of the existing distinction between ‘lawful’ strikes (aimed at securing a direct financial benefit for the employees involved) and ‘unlawful’

¹ Social Report 1981, point 101.

² Point 100.

- strikes (for example, strikes in support of a general political or economic aim or in solidarity with other workers elsewhere);
- (ii) abolition of the employers' existing right to institute lock-outs in response to strikes or to recruit staff to continue production during strikes;
 - (iii) ban on interference by employers in trade union activities, for example by providing direct financial support or setting up unions at undertaking level; by attempting to dissuade employees from joining a union or by discriminating against or dismissing employees who have done so;
 - (iv) protection of elected union officials against dismissal;
 - (v) entitlement to unpaid time off for employees mandated as trade union representatives.

128. In *France*, to carry out its programme to improve the employment situation and living and working conditions, the government was authorized to implement social measures by administrative orders rather than the usual legislative channel.

With the ultimate aim of reducing the statutory working week to an average of 35 hours by 1985, an Order was issued on 16 January 1982 reducing working time to 39 hours. It also introduced a fifth week of paid holidays,¹ limited continuous shift working to an average of no more than 35 hours per week and laid down a statutory limit of 130 overtime hours per worker per year; over this figure, authorization would have to be obtained from the labour inspectorate after consulting the works council. The Order stipulated compensatory time off amounting to 50% of any hours worked above this quota.

Two Orders of 5 July 1982 amended the rules applicable to fixed-term contracts and temporary work with the intention of restricting the use of casual labour and improving the living and working conditions of workers in insecure jobs.

Also with worker protection in view, an Order of 26 March 1982 on part-time work determined *inter alia* the maximum duration of this form of employment and laid down rules applicable to part-time workers along the lines of those applicable to full-time workers.

A Law of 6 May 1982 made a number of amendments to the rules governing labour tribunals with a view to improving their operation and the status of the counsellors. One of the new provisions requires the employer to remunerate

¹ Point 118.

the time spent by workers on counselling duties on the same basis as hours worked (expenditure to be refunded by the State).

129. In *Ireland*, a Trade Disputes (Amendment) Act, 1982, amending the 1906 Act was passed by Parliament and extends to workers in the public service the same legal protections in industrial disputes as apply in the private sector.

The European Communities (Employment Equality) Regulations came into force on 30 September 1982. The regulations were made following instructions from the European Commission that certain exclusions under the Employment Equality Act were an infringement of the Equal Treatment Directive.

130. In *Italy*, Law No 297 of 29 May 1982 introduced new rules with respect to severance payments in the private sector. It provides, under certain conditions for the gradual integration of any previously acquired entitlement to cost-of-living increases into these payments. The Law also establishes a guarantee fund to cover payment of this benefit in case of the employer's insolvency.

131. In *Luxembourg*, the Law of 8 April 1982 laid down special measures aimed at safeguarding jobs and ensuring that the economy retains its competitiveness: the creation of a new aid to geographical mobility and a special aid to encourage the recruitment of the long-term unemployed; the extension to other categories of workers of the re-employment aid currently granted to workers in the iron and steel industry; reinforcement of the ban on overtime; checks to ensure respect for the laws on the 40-hour week where several part-time jobs are held by one person; the possibility for the authorities to assign unemployed persons in receipt of benefit to community services tasks.

Studies are in progress concerning the introduction of half-time and flexi-time working in the civil service and a law governing the employment of students during the holidays was passed on 15 July 1982. Finally, the Economic and Social Council is preparing an opinion on the law governing dismissals.

132. In the *Netherlands*, a draft law on the employment of the handicapped was put before the Lower House. This draft, designed to foster the employment of handicapped persons, obliges employers to recruit at least 1 handicapped person for every 20 employees (at present the ratio is 1 to 50). Employers who consider this quota too high can pay a levy, thus avoiding any penalties which might otherwise be imposed. The Social and Economic Council examined the draft, but was unable to reach a unanimous opinion on the quota and its level.¹

¹ Social Report 1980, point 153.

The Social and Economic Council delivered an opinion on a preliminary draft law on equal treatment,¹ taking the view that a law in the form proposed would give rise to too many ambiguities both for complainants and those required to apply the law. Moreover, the preliminary draft gave the impression of being a piece of casuistic legislation lacking internal coherence.

The opinion delivered by the Equality Commission criticized the preliminary draft for excessive emphasis on changes in mentality. Once in force, the law would have to actively encourage equal opportunities for men and women; where necessary, in certain situations it might even prove necessary to take discriminatory action—for example, positive discrimination in favour of women—for as long as inequality still played a significant part in society. For the legislation to serve its purpose more effectively, groups of people would also need to be able to lodge complaints regarding discriminatory action and the burden of proof would have to be reversed in those cases where a selective, discriminatory staff policy was being followed.

In an opinion by the Social and Economic Council on the draft law introduced in autumn 1981 amending the 1919 labour legislation, the government's proposal to reduce the maximum working week from 48 to 42.5 hours was rejected by a majority, as it was felt that it was a matter for employers and workers to conclude agreements in the light of their particular circumstances.

In an opinion delivered by the Labour Foundation to the Minister for Employment and Social Affairs on the appropriateness of legislation to improve the position of job applicants, the representatives of both the employers and the employees agreed unanimously on the right to sue of applicants who were unfairly treated. The Foundation took the view that the drafting of legislation on this subject could be suspended since management and labour were able to settle the question between themselves.

133. In the *United Kingdom*, the government presented the Employment Bill 1982 which contained four main provisions. The first covered the issue of the closed shop and will provide for the financial compensation of persons dismissed due to the operation of the closed shop. (Since the publication of the Bill a series of amendments have been made at the request of employers to tighten up loopholes in the closed shop legislation.) The second covers union-only subcontractors and will render void any clauses in a contract for the supply of goods or services which require the work to be only by workers who are (or are not) members of a union or a particular union. The third provision deals with union immunities and makes unions and their funds liable for claims by

¹ Social Report 1981, point 142.

'injured' parties suffering as a result of unlawful industrial action. The fourth provision deals with unfair dismissal and makes it easier for employers to dismiss employees taking industrial action but will make it more difficult for them to dismiss employees for not joining a closed shop. The Bill was enacted in October and made effective by the end of the year.

Regulations governing the transfer of undertakings came into operation on 1 February and 1 May and give effect to the EEC 'Acquired Rights' Directive. Since February, unions must be given information about the proposed transfer of an undertaking both by the seller and the buyer and must be kept informed about its future, with consultation on any proposed measures affecting employees. Trade union recognition rights for negotiation purposes are also transferred where the transferred undertaking keeps its separate identity. Since May, whenever there is a change of employer the employees are automatically transferred with the undertaking. However, dismissals either by the seller or the buyer can be considered as fair if they are for economic, technical or organizational reasons. The Regulations apply only to undertakings which are commercial ventures.

On the question of equal pay, since the European Court's ruling¹ that the UK Equal Pay Act did not fulfil Community requirements, the government has issued a consultative paper setting out a procedure for employees to have the equivalent value of jobs independently assessed. At present equal pay for men and women can only be claimed where workers are employed on the same or like work, or on jobs rated under a job evaluation scheme as equivalent in value.

¹ Point 137.

Chapter V

Wages, incomes and asset formation

Trends within the Community

134. Contrary to the hopes aroused by the preceding year's improvements in domestic demand and in the trade figures, no economic recovery materialized in 1982. Instead the economic situation deteriorated throughout the year and growth for the Community as a whole was very low (0.2%). Since disposable incomes rose only very slightly and the level of savings remained relatively stable, there was little growth in consumption by private households (0.2% as against zero in 1981). Most Member States have pursued austerity policies in one form or another with a view to improving the public finances, reducing inflation and combating a recession which has brought unemployment to a level approaching 10% of the working population. Against this background, collective bargaining is subject to increasingly severe practical constraints, but the workers' representatives whose aim is to achieve improvements in working conditions, have shown themselves sufficiently responsible to accept sacrifices designed to maintain the level of employment.

135. Wage restraint is a feature of the situation in all Member States; sometimes the restraint is of a severe order—as illustrated by the wage freezes imposed by the authorities in Belgium, in the Netherlands and (at the end of the year) in Denmark. Whilst Italy, aware of the need for an overall plan, is still seeking the best means of keeping wage costs within the bounds of a maximum 16% rate of inflation, the first signs of wage restraint have begun to appear in Ireland where the government has achieved a consensus on the deferral to 1983 of the third phase pay increase due to be paid from 1 October. In contrast, the governments of the United Kingdom and the Federal Republic of Germany have reaffirmed the principle of free collective bargaining between the two sides of industry, without central intervention.

In France, the currency realignment in June was accompanied by a unilateral decision on the part of the government to suspend the provisions of the law on wage bargaining for four months and to freeze prices and incomes for the same period. The government has expressed the wish that index-linking in any shape or form be discontinued and has indicated that its main aim is to ensure the maintenance of average purchasing power over the period 1982 to 1983 as a whole, assuming price inflation of 10% in 1982 and 8% in 1983. All these policies share a concern to ensure that unreasonable sacrifices are not required of the low paid and even where a freeze has been imposed this group has enjoyed preferential treatment—in the form either of special wage supplements as in the Netherlands and Luxembourg or of increases in the statutory minimum wage where one exists. Efforts to improve the lot of the low paid occupy an important place in conventional policy in Greece, where the minimum wage rate for workers has been upped (not counting indexation) by 32%.

136. Controversy regarding automatic wage indexation continued during the year under review with discussions both as to the basic principle, and more especially as to the mechanisms used. Following adjustments in the reference indices aimed at excluding the impact of 'imported' inflation, 1982 saw changes in the arrangements for the payment of index-linked increases. Whilst the Greek Government introduced a new indexation scheme on 1 May providing for the *a posteriori* adjustment every four months of wages and salaries under DR 80 000 per month and the Italian Government was still seeking a solution to the problem posed by the employers' intention to abrogate the 25 January 1975 indexation agreement with effect from 1 January 1983, payment arrangements were changed in the other four countries which practice indexation. In Belgium index-linked increases were restricted to that portion of the worker's earnings corresponding to the minimum wage, in the Netherlands adjustments were granted at a reduced percentage only, in Luxembourg adjustments were granted only twice in the course of the year and in Denmark the mechanism is suspended from March 1983. It is interesting to note that the French Government felt obliged to point out that automatic wage indexation, is expressly prohibited by provisions adopted in 1959 and that it was planning, in its capacity as an employer, to change the present arrangements whereby public sector wages are adjusted for inflation in advance to an *a posteriori* system.

In parallel with their efforts to reduce labour costs, Member States also continued the fight against inflation. The rise of the ECU against the dollar and the consequent decline in the cost of imports paid for in dollars contributed largely to the renewed slowdown in inflation which the Community experienced in 1982. The rapid deceleration during the year points to a likely Community average of around 10.5% p.a. This average should, however, be seen in the context

of annual consumer price inflation rates ranging from 5-6% in the Netherlands and in the Federal Republic of Germany, to 23% in Greece with Ireland's and Italy's 16-17% along the way whilst the other countries clustered around the average.

The 10.8% increase in *per capita* wage cost was slower than in 1981 when the rate was 12.8% but taken in combination with the inflation rate for the Community as a whole this figure indicates a very slight increase in purchasing power (0.2%). Here again, the situation varies widely from country to country with purchasing power rising in France, Italy, Greece and the United Kingdom, falling in Luxembourg, the Netherlands and Belgium and remaining more or less stable in the Federal Republic and Denmark.

137. As regards the three cases which the Commission had brought before the Court of Justice in connection with the application of the Directive of 10 February 1975 on equal pay, one action was discontinued following the promulgation in Belgium of a royal decree ending the infringement in respect of entitlement to head of household allowances in the public service. In the second action the Court ruled against Luxembourg on a similar infringement in a judgment of 9 June. The third action—which raised the important question of whether the United Kingdom's Equal Pay Act was in conformity with the Community law concept of 'work to which equal value is attributed'—was resolved in the Commission's favour by a judgment of 6 July.¹

Development of the situation in the member countries

Belgium

138. Events in the area of wages policy made 1982 an exceptional year in Belgium, not merely in the sense that the government had until then, with very rare exceptions, fully respected the freedom of the two sides of industry to fix wages, but also in the sense that the sacrifice demanded of all employees was particularly great (the objective being a 3% reduction in the total wage bill).

The draft law vesting the government with special powers for one year, which sets out to 'stabilize public expenditure, pave the way for economic recovery and promote employment', was approved by parliament in February. Among

¹ Point 133 (in fine).

the decrees issued under this instrument, the most important with regard to wages is Royal Decree No 11 of 27 February, which relates to the temporary and partial modification of the system linking wages to the consumer price index. While allowing the customary indexation mechanisms to continue in being, this measure initially has limited their effects to wages not exceeding the guaranteed minimum. During a second stage (1 June to 31 December), indexation has also applied to that portion of other earnings which corresponds to the statutory minimum, while the traditional system is due to be reintroduced as from 1 January 1983 without compensation for the loss of earnings suffered in 1982. Depending on their sector of employment, workers accordingly received, either on 1 June or 1 July, a lump sum of BFR 558, being 2% of BFR 27 905, the guaranteed monthly minimum income as at 1 May. However, the index fell short of the trigger point for a wage adjustment in both July and September, when the minimum monthly income was increased to BFR 28 462 and BFR 29 031 respectively. Other royal decrees directed to similar ends introduced a 'solidarity' contribution levied on non-index-linked incomes (self-employed persons) and froze the fees of doctors and members of the paramedical professions as well as bonuses and dividends at their 1981 level. In addition, the social security contribution payable by workers was increased from 6.25% to 7% in the pensions sector and an exceptional contribution corresponding to 7% of workers' double holiday pay was introduced.

Along with de-indexation and concomitantly with the realignment of parities within the European Monetary System, the government imposed a selective freeze until 31 December 1982. These measures were calculated to offset the effects of higher import prices and avert a sudden rise in domestic inflation. In the event, the monthly rise in consumer prices was markedly slower between January and March as a result of the freeze. The relatively large increase in April was due to the lifting of the freeze, while the June and September increases were due to rises in the prices of those products not covered by the special agreements (*contrats-programmes*) concluded for the purposes of the selective freeze extending beyond March (fuel oil, petrol, etc.). In view of the fact that wage indexation did not entirely cater for the 8.1% rise in consumer prices, wage-earners lost about 3% of their purchasing power during the year.

A major effort at social collaboration between the government and both sides of industry was initiated on 14 September. Its aim, is to 'produce a wide-ranging consensus on four aspects of economic policy' including 'the size of pay increases and procedures for agreeing such increases' at the end of the period of partial suspension of the indexation system on 31 December 1982. The government finally decided (10 November) to prohibit any rise in wages in real terms in 1983 and 1984 over and above that resulting from indexation. The present

system of flat-rate indexation will be maintained for two further adjustments, after which the traditional system will be reintroduced, albeit with two modifications: the wage adjustment index will no longer operate on a monthly basis but will be calculated on the basis of the preceding four months (to slow down the rate of adjustment), while the composition of the price index will be reviewed on 1 July 1983 in the light of the results of the latest survey on family budgets and possible policy decisions.

Denmark

139. The orientation of wages policy was considerably modified in September following the fall of the Social Democrat Government and the formation of a new Conservative Government.

After the first three quarters, real incomes showed, for the first time in several years, a modest rise within the context of a moderate rise in consumer prices. The latest pay statistics available show that earnings of manual workers and employees in industry rose by 10.2% and 11.8% respectively between October 1981 and October 1982 while the rise in prices was only 10.6%. The authorities estimate that by the end of the year wages and salaries will have risen by 11% and prices by 10% (compared with 10% and 12% respectively in 1981) but it must be noted that half the rise in wages and salaries is imputable to wage indexation which triggered off four index payments (three in 1981) in 1982.

A new incomes policy is one of the principal measures advocated in the new government's economic recovery programme adopted by parliament on 14 October. An immediate freeze on wages and profits is to be imposed until 1 March 1983 and for a period of two years from March 1983 to March 1985, automatic wage indexation will be suspended and a ceiling set on dividends and bonuses.

The government would like to see the rise in wage earnings limited to 4% over these two years and is advocating in return reductions in direct taxation.

This wage austerity is, naturally enough, one of the major issues in the negotiations which the two sides of industry have entered into concerning the whole area of pay policy. The timetable calls for final proposals for sectoral agreements to be made before 6 December, failing which negotiations will be pursued under the auspices of the National Arbitration Tribunal.

Federal Republic of Germany

140. The government's annual economic report for 1982 was published, as usual, in January. It estimated economic growth in real terms at around 1.5%,

inflation for the year at 4% and *per capita* growth in the wage bill to amount to 4.5%. This last figure (4.5%) seems to have been used as a norm. In the event, GNP went down by 1.2% during the year and the rise in consumer prices at the end of 1982 was 5.3%. As regards wages and salaries, the negotiations have, often after arbitration, ended in 4% average wage increases (compared with 4.8% in 1981).

In the private sector, the agreement signed in the metal-working industry, which is usually a pacesetter for other sectors, provided for a wage rise of 4.2%, a figure subsequently adopted in the iron and steel, printing and chemical industries, whilst agreement was reached in the clothing industry on the basis of a 3.9% rise in gross wages. The same increase is provided for in the agreement in the textile industry. An average 3.85% annual wage increase has been granted in the key building sector to be paid in two stages: 3.5% from 1 April and 0.7% from 1 October.

The decision at the beginning of the year by public sector employers (federal government, *länder* and local authorities) to cut wages by 1% in 1982 gave rise to a serious dispute but agreement was reached, after arbitration, on a 3.6% wage rise from 1 May. Railwaymen and post office workers subsequently agreed to the same increase. In principle this increase also applies to civil servants (in the strict sense of the term) but, in spite of their protests, they received it only after delay i.e. from 1 July.

In view of the average increase in retail prices in 1982, the 4% rise in conventional wages resulted in a very slight cut in purchasing power for wage-earners.

As regards asset formation, it is worth noting that by the end of 1981, nearly 95% of all workers (compared to 94% a year before) were entitled to an asset-formation allowance under collective bargaining agreements in the context of the 'DM 624' Law. The 1981 allowance has gone up by nearly 17% in comparison with 1980.

During the first six months of 1982, the discussion of new aspects of asset formation policy has been somehow renewed following the publication of the annual report of the council of experts entrusted with the task of assessing the evolution of the general economic situation. In this report, the council recommends that employers should make new proposals to the trade unions such that salary moderation be compensated by effective participation of employees in the capital growth of their enterprise. The various schemes so envisaged, sometimes in the form of a draft law by political parties, have, however come to nothing, in view of the opposition of trade unions to any form of wage investment and of their preference for the institution of inter-enterprise participation funds which could be used as both social partners would so decide.

The new federal government has already intimated that the fight against unemployment meant enterprises needed to be in a position to dispose of their own capital funds and consequently it was the government's view that workers' participation in the capital growth of their enterprises was a crucial element of a new economic policy.

Greece

141. Following the collapse of collective bargaining between the Greek Confederation of Labour (GSEE) and the employers' representatives, and the failure of the Ministry of Labour's mediation, the 1982 National Agreement in the private sector was signed on 11 February 1982 after arbitration.

The minimum wage, to which must be added long service increments equivalent to 10% after 3 years (maximum 30% after 9 years) for employees, and to 5% after 3 years (maximum 15% after 9 years) for workers, and 10% household allowances, was upgraded from its DR 13 580 monthly value at 1 January to DR 18 580 for employees and from its DR 625 per day at the same date to DR 825 for workers—an increase of 37% for employees and 32% for workers.

In the public sector, the average 10% pay rise was structured according to monthly pay: 25% for amounts over DR 20 000 but less than 45 000 per month, 5% for those in the DR 45 000-52 000 bracket whilst those earning more than DR 52 000 receive no increase. To keep earnings in line, however, the application of these pay increases in the public sector made it necessary to grant bonuses in certain nationalized sectors and to implement the principle of uniformity in the banking sector, whereby salary rises depend on length of service rather than promotion.

The most important element of wage policy has, however, been the introduction of wage indexation as from 1 May 1982. The mechanism which had originally been meant to apply in the public sector only, was extended on 11 February to the private sector by the Arbitration Court. *A posteriori* index payments were made on 1 May (7.3%) and 1 September (3%) but it was subsequently decided to postpone part of the 10% January 1983 payment, in respect of the cost of living increase in the period September to December 1982. The first 5% will be paid on 1 January 1983 and the second portion on the following 1 May, whilst the index payment due on 1 September will have to take the increase in prices in the first eight months of that year into account.

France

142. The economic outlook for the first half of 1982 darkened in March following speculation against the franc triggered by the mounting trade deficit recorded since autumn 1981. Throughout this period, the government pursued the economic and social policy initiated after the elections in June 1981, which entailed a difficult compromise between improving the purchasing power of the lowest paid categories, efforts to control inflation without systematic price controls and a fight to expand employment by regaining lost ground on the domestic market. At the beginning of June 1982 wage incomes had gone up by about 10%. The SMIC had been upped by 2.6% (the index-linked adjustment plus 1%) on 1 March and 2.2% on 1 May. Negotiations in nearly all sectors took place in the light of government policy decisions on reductions in working time with no reduction in wages; the resulting 7.8% increase in workers' hourly rates of pay corresponds to a 0.8% increase in purchasing power.

The currency realignment on 12 June followed by the government's decision to freeze prices and incomes until 31 October reflected a move away from this policy. The laws adopted at the end of June and early in July suspended for four months the application of the law of February 1950 on wage negotiations and imposed a freeze on prices, social security contributions, medical charges and wage incomes. The Prime Minister set out the directives to be applied in the public and nationalized sectors in a letter of 10 September. He called for the termination of any form of wage indexation (formally prohibited by a law of 1959) and indicated that the government proposed to keep purchasing power in 1982 and 1983 in line with the forecast 10% increase in prices in 1982 (8% in 1983). Subsequently, the Civil Service Ministry announced the introduction on 1 November of a wage programming system designed to reduce the effects of wage indexation: the adjustment of wages to prices would no longer be made in advance, but retroactively. This system was incorporated in the decree of 27 October providing for a 3% pay increase for public officials and employees on 1 November (at the end of the freeze) bringing their minimum monthly earnings from FF 3 521.68 to FF 3 607.56 net. The salary structure would be simplified by reducing the number of wage adjustment scales from four to two and a 2% increase in the earnings of all officials would be applied from 1 January 1983.

The real concern of the trade union movement at this stage was the negotiations relating to the lifting of the wage freeze on 1 November, in view of a rigorous government policy which refused to accept any general and automatic increase in purchasing power. The debate was defused by the substantial slowdown of the index of consumer prices (259 articles) which in that month of November showed a 9.4% annual rate of inflation (against 14.3% in November 1981), the

end of the year figures being 9.7% rate of increase for 1982 compared to 14.1% in 1981.

During the year under review, the minimum wage (SMIC) went from a hourly rate of FF 18.15 on 1 January to FF 18.62 on 1 March, then to FF 19.03 on 1 May, on to FF 19.64 on 1 July and finally to FF 20.29 on 1 December. The overall rise was consequently 8.8%, with purchasing power being increased by 3.2%.

In the field of asset formation, the 24 October 1980 Law which provides for a distribution of shares to employees of industrial and commercial companies was widely applied: 315 companies (215 of which were joint-stock held) have proceeded, at least once, on distributing shares to their employees or to those of sub-branches. Some 584 605 employees have benefited from this distribution of shares, the average value of which was FF 3 263.

It should also be noted that by 31 December 1981, 11 612 firms had set up profit-sharing schemes for their employees under the 17 August 1967 Order. According to statistics for the most recent financial year (1979), the number of employees involved was 3 411 129, the average payment per employee being FF 1 437.

The institution on 1 June of a new popular savings book paying index-linked interest is worth noting. Individuals domiciled for tax purposes in France and whose tax liability is under FF 1 000 are entitled to hold a maximum of FF 10 000 (FF 20 000 for households) savings in that scheme.

Ireland

143. Following the collapse of national pay talks in December 1981, pay settlements in 1982 were achieved in the private sector by collective bargaining at enterprise level. The agreement on pay in the public service negotiated in December 1981, dealt with the question of special pay increases and furthermore provided for a 13.5% cumulative pay increase in three phases i.e. 2% (min. IRL 4 per week) from 1 December 1981 followed by 6% from 1 March 1982 and by 5% from 1 October 1982. This agreement was subsequently renegotiated as part of a series of measures decided by the government in July to reduce public expenditure in 1982. The renegotiation resulted in deferral of payment of the third phase of the initial agreement to 1 January 1983, the amount foregone to be paid in two equal instalments on 1 February and 1 June 1983. The cases where 'special increases' are involved are to be considered in two categories, namely: (a) cases where recommendations/findings were issued or firm offers were made on or before 17 December 1981 and those which were referred for

adjudication on or before 21 July 1981 and, (b) cases where settlements or firm offers had been made or adjudication/findings issued on or before 20 September 1982. The first category will receive the special increases on 1 January 1983 whilst the second category will receive 40% of the relevant increase on 1 October 1983, the balance to be paid at a date to be agreed in further talks. In the private sector, the agreement in the building industry, covering over 55 000 employees, provided for a 15.5% cumulative pay increase over 16 months, starting with a December 1981 pay pause followed by pay increases of 10% from 1 January 1982 and 5% from 1 September 1982. The other agreements in the private sector generally covered 15 months and provided for average pay increases of slightly over 16%, usually in two or three phases.

According to the latest official statistics, the estimated earnings of male industrial workers in June 1982 were IRL 147 (for a 42-hour week) and IRL 89 for women working a 37-hour week. The comparable figures for June 1981 are IRL 131 for men (43-hour week) and IRL 77 for women (37-hour week). The same sources show that the consumer price index had risen at mid-November by 12.3%, the average annual increase in 1982 being estimated at 17.1%.

In the field of asset formation, the Finance Act 1982 has granted tax exemption to shares given by companies to their employees as participation in capital growth of the undertaking.

Italy

144. The main problem facing the three successive governments in 1982 was the search for a consensus solution to the economic and budgetary crisis with the accent on a reduction of the public finance deficit. The slow growth of exports and the rise in production costs prompted discussions aimed at reducing labour costs—a topical matter following the industry employers' agreement to defer to 1 January 1983 the implementation of their decision (not followed by the employers' federations in agriculture, commerce and medium and small business) in June 1982 to abrogate the 1975 agreements which had unified the reference point of the wage indexation systems to the highest level of qualification.

The government's intention to hold cost increases below 16% in 1982 could not be achieved, for by October hourly wage costs had already gone up 16.5% but the tripartite consultation begun in October (with on 20 January 1983 deadline) are based on the government's objectives tending to bring inflation down to 13% in 1983 and 10% in 1984 as well as those in favour of reducing unemployment.

There was little activity in the area of collective bargaining during this year. Wage increases were phased over the period of application of agreements in accordance with a method that tended to be to the advantage of skilled workers. In the metal-working, textile and chemical industries, gross increases were in the LIT 85-90 000 per month range, while in the printing industry they varied from LIT 50 000 to LIT 211 000 per month. In the public sector the railway workers' agreement was the only one renewed in 1982. Apart from service increments amounting to LIT 5 000 per month per year of service granted on 1981 pay levels, the agreements provide for individual pay increases averaging LIT 50 000 in 1982 and LIT 45 000 in 1983.

As the index-linking system remained unchanged in 1982, the rapid rise in consumer prices (16.2%) was reflected in a total rise of 47 points in the cost of living supplements, against 44 points in 1981 and 38 in 1980.

Luxembourg

145. The significant slowdown of the rate of increase of the wage bill was accentuated this year and the rate in 1982 is even negative in real terms. However the 8 April 1982 Law has provided for a number of measures concerning the indexation system with a view to maintaining the evolution of nominal wages within limits determined by the internal and external surpluses of the economy. By the time the April Law was passed, one index-payment had already been triggered off but the Law, which is a framework for measures taken in the wake of the February devaluation of the Luxembourg franc, has modified the mode of application of the wage-indexation system. Fixed sum payments were paid to all employed persons when the system was triggered off in September and December but the low-paid received supplementary allowances amounting to LFR 600, LFR 1 200 and LFR 1 800 respectively at the beginning of May, July and November if they were heads of households and LFR 350, LFR 700 and LFR 1 050 if they had no such family responsibility.

According to the results of the latest Statec monthly enquiry on wages and salaries covering the first six months of 1982, the wage *per capita* has increased by 3.1% whilst the total number employed went down by 3.4%. The nominal *per capita* wage has thus gone up by 6.7% at the same as the retail price index (same reference period) increased by 8.6%, resulting in a decrease of 1.7% in the *per capita* wage in real terms. An analysis of conventional wages shows that the progress of wages has been sharply slowed down by the economic situation. The basic hourly wage rate has progressed by only 5.3% in the period September 1981/September 1982 and taking into account at 9.5%, this is equivalent to a loss of 4% in real terms.

The legal minimum wage (LFR 21990 at the beginning of the year) was upgraded on three occasions, once in February along the old lines and twice after, on 1 September and 1 December as per the new method laid down by the 8 April Law. However as the new system has raised the income threshold to an amount equivalent to 150% of the legal minimum wage, this minimum amounted at the end of the year to LFR 24730 per month for those with no dependants. Heads of households, whose wage was above the minimum but less than 1.5 times its amount, were paid a supplement which, at the end of the year (when the threshold was LFR 34997 per month) brought their monthly guaranteed wage up to LFR 36797.

The Netherlands

146. As negotiations for a national agreement on pay and working conditions broke down for the fifth consecutive year, the government presented a pay policy plan to parliament. Since 1 January, index-linked increases have been granted only to persons earning less than HFL 60 000 per year and the holiday bonus has been fixed at 7.5% of annual wages with a ceiling of HFL 5 200; however, the two sides of industry are free to negotiate other working conditions such as work schedules and tempo. The agreements signed this year reflect this situation: they are generally for a period of 12 months from April and provide for a maximum index-linked rise of 2.46% in basic rates from 1 July, followed by another on 1 January 1983. Increases are provided for in very few collective agreements—among the exceptions are those for oil refineries and cigar factories, where a 0.5% wage increase was granted. In contrast, it should be noted that one agreement signed in the chemical industry provides for a 2% cut in real wages in order to set up a fund to finance the creation of jobs. An agreement relating to another firm in the same sector is also noteworthy; it contains a clause new to collective bargaining whereby employees may forego the payment of the index rise and instead choose either a reduction in working hours or longer annual holidays.

The government crisis caused by the withdrawal of one of the coalition partners in May led to general elections on 8 September, but a minority government formed by the other two parties continued to act on a caretaker basis up to that date. The following pay policy measures were among those taken in July by this caretaker government to reduce the current budget deficit:

- (i) a cut in maximum index-linked increases for public employees from 2.46% to 1.45%;
- (ii) an increase of 1% in all direct taxes until the end of 1983 (the 'solidarity tax'); the yield will be allocated to financing the creation of jobs;

(iii) an increase in social security contributions equivalent to an average of 3.4% of gross earnings for wage-earners and 1.9% for employers.

Following the imposition by the government of a single index-linked rise of 2.46%, in the private sector these measures have resulted in a cut of 2% in the real purchasing power of wage-earners.

In 1982, the lowest income groups were once again granted an exceptional flat-rate allowance to maintain their purchasing power, varying from HFL 100 to HFL 450 according to the recipient's family situation. According to available statistics, in 1981 almost 366 000 households benefited under this measure, which is intended for persons with incomes below the statutory minimum.

On 1 January 1982 the legal minimum wage was increased by 3.8%, but as 1% had already been awarded on 1 July 1981 the actual increase was only 2.8%, bringing the gross figure to HFL 1979.79 per month. The mechanism would normally have triggered an increase of 4.3% on 1 July, but the rise granted was only 2.4%, with the balance being deferred, under a law of 30 June, to the following adjustment on 1 January 1983. The legal minimum wage therefore reached a gross figure of HFL 2028 per month, or HFL 468 per week.

There has been no notable progress in the question of workers' participation in the capital growth of their undertaking¹ which, as a draft law is still being debated in the Second Chamber.

On the other hand, the government has asked the Foundation of Labour and the Consultative Committee for Commerce for an opinion on the possible introduction of an investment wage in each enterprise or sector. In the government's view, such an investment wage, which would amount to 1% of the total wage bill, could effectively help in re-establishing the level of employment.

United Kingdom

147. In the United Kingdom, the government has remained committed to responsible bargaining without central intervention. In the private sector responsibility for wages and salaries rests with employers and trade unions who are free to negotiate settlements which suit their particular circumstances having regard to the need to improve competitiveness which is essential if new secure jobs are to be created and existing ones preserved. In the public trading sector, the government has set external financing limits to represent financial constraints similar to those affecting private sector negotiations and in the public

¹ Social Report 1980, point 171.

services cash limits on expenditure are based upon what (in the government's view) the taxpayer and household ratepayer can afford.

This approach was evident as early as April, when 4% was offered to a group of almost 530 000 civil servants (whose system of pay determination was then the subject of the Megaw enquiry) and 3.4% was offered to half a million teachers. However in both cases pay increases of 6% were eventually awarded after arbitration. In the private sector the 1981/82 pay settlements generally led to wage increases in the range 5 to 10%. The fact that average earnings increased by about 9.5% in the year to June 1982 was partly due to higher settlements agreed towards the end of the 1980/81 round of pay negotiations—it is not in fact inconsistent with the Confederation of British Industries' figure of around 7% for the average pay rise in manufacturing industries.

The deceleration of the rate of increase in retail prices has continued steadily throughout the year, the price increase falling in April below 10% and the year ending with inflation down at 5.4%, the lowest rate for the last 13 years.

Chapter VI

Housing

Trends within the Community

148. The severe crisis in the building industry—and more particularly in the house-building sector—which was reported last year continued during the period under review. The latest figures show some slight signs of improvement in certain Member States. 1982 may nonetheless prove the worst year for the building trade since 1945. The review of developments in the Member States includes information on the countermeasures taken to date. Though the overall aim is the same—namely to sustain a reasonable level of construction activity—some countries are endeavouring to achieve the desired effect by making more funds available for new building whilst others have chosen to encourage the implementation of improvement and modernization schemes. Other countries are adopting a policy of containing high interest rates at least in so far they dampen demand in the housing sector.

At the same time, evidence is emerging from censuses, housing surveys and waiting lists of growing unsatisfied need, particularly in the cities and among certain groups of the population working there, notably single and married persons of modest income. Despite a general emphasis on the objectives of home-ownership and financial independence, an increasing proportion of new houses is in fact attracting subsidies or other State aids in most Member States.

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

Development of the situation in the member countries

150. In *Belgium*, the government decided to reduce the value-added tax on house construction from 17% to 6%. The decision came into force on 1 March 1982 and will run until the end of 1983. This measure was one of those agreed on at the 'round table'¹ last year. Other proposals, most of them being long-term measures, are waiting to be discussed with the government.

151. In *Denmark*, the housing sector is marked by stagnation, with starts at 50% of the 1976 level. Housing investment is down by 16%, unemployment is up by 16%. Only 42% of the building labour force is employed on new construction, compared with 58% on repairs and improvements.

The government has attempted to stimulate new constructions by the issue of index-linked bonds at a concessionary rate of interest (2.5%).

152. In the *Federal Republic of Germany*, there was a decline of demand of 18.5% in the construction industry over 1980-81. The decline of demand in the housing sector was about 15%. Unemployment rose to about 12% in the general engineering sector, which includes construction. The federal government intervened to increase housing depreciation allowances for tax purposes, to bring down mortgage rates and to provide capital for a special programme of limited duration to subsidize interest payments on the prefinancing of one family housing.

153. In *Greece*, the huge increase in construction costs has been responsible for the decrease in housing investment. Increasing prices of dwellings, a substantial reduction in housing loans because of high interest rates are related phenomena. In order to cope with this unfavourable development, the Greek Government encourages increased housing loans and reduced interest rates. This new policy is related to original development policy and is so far considered successful.

154. In *France*, the government maintained its target of 400 000 house completions in 1982, though there was in the event a shortfall of about 30 000. The government also took measures to stimulate energy conservation, where 5 000 jobs for skilled workers have been created, and in the components industry. Despite budgetary difficulties, there were slight increases in loans for new construction, whether of rented or owner-occupied housing and a substantial in-

¹ Social Report 1981, point 162.

crease in housing allowances. The contribution from their own resources of would be owner-occupiers to financing their construction projects was reduced from 20 to 10%.

155. In *Ireland*, the government was preoccupied by the slump in building activity, following a year of record completions in 1981. Unemployment in construction increased from 21.7% to 26% of the estimated labour force between June 1981 and June 1982, and the government's house completion targets seemed to be at risk. However, following a substantial injection of capital and intervention to hold back increases in interest rates, the prospective outcome appeared more favourable.

156. In *Italy*, the census of 1981 revealed a total of over 4 000 000 vacant houses or about 20% of the total stock. This figure, double that of 1971, constitutes a challenge to the government, given the underlying problems of evictions and rent control.

The Law of 25 March 1982 (No 94) made provision, *inter alia*, concerning eviction from private properties, the responsibilities of public authorities in the matter and the financial aids available for public and private sector housing. An instrument programme of LIT 7 400 000 million was provided for publicly subsidized housing.

157. In *Luxembourg*, the government made a supplementary budget of LFR 100 000 000 available for public authority housing.

158. In the *Netherlands*, no substantial development has taken place because of the need for new elections. The new government, however, has announced a gradual decrease of subsidies and the coalition parties seem to back this position.

159. In the *United Kingdom* following the lowest figures (1981) of housing completion, since 1951, there were indications of greater buoyancy in the private sector and an appreciable increase in public sector starts.

In the first nine months of 1982, receipts and lending by building societies reached near record levels.

Such improvements, must, however, be measured against the challenge of waiting lists of about 250 000 applicants for housing in London alone and 1 250 000 in the rest of the country.

While budgetary allocations (for current housing expenditure by public authorities) had been trimmed, provision for capital investment was raised by 13% to

be topped up by unexpectedly large proceeds for sales of public authority houses (370 000 sales by mid-1982). The government continues to encourage a new relationship between private and public sectors persuading private investors to see more of the economic and social advantages of investment in the public sector, and public authorities to resort to private sources of finance and cooperation.

Housing requirements, building programmes, dwellings completed¹

160. The number of dwellings completed in 1981 was about 6% lower than the 1980 figure. There was a further trend towards a higher proportion of completed dwellings subsidized from public funds. These figures, however, mask more substantial decreases in certain Member States, for example Denmark, Italy and the United Kingdom and some increase in the construction of apartments, as compared with single-family dwellings, in certain Member States.

Building costs

161. House prices rose more slowly in 1982, except in certain Member States with higher inflation or in areas of high demand, for example inner city apartments. In many cases, house prices rose more slowly than building costs, thus reducing profit margins still further. The rate of increase of building costs was generally reduced in 1982 compared with 1981 and in certain Member States, virtually halved.

Rents

162. In *Belgium*, where housing rents are statutorily controlled, it was decided that rents could be increased by a maximum of 6% in 1982. This maximum of 6% is continued for 1983 under a law of 30 December 1982.

163. In *Denmark*, the average rent of apartments increased by 10%.

164. In the *Federal Republic of Germany*, there was an average 4.3% increase in rents in 1981 and a 4.9% increase in the first half of 1982. Increases were higher for older buildings.

165. In *Greece*, the continuous increase of rents to very high levels has prompted the State to intervene and control rents over recent years. Taking the 1974 index at 100 the rent index reached 202 in 1980 and 242 in August 1981. In August 1981 a consumer price index stood at 296.

¹ See table, pp. 112 and 113.

166. In *France*, the Quilliot Law of 20 June 1982 fixed rights and obligations of tenants and landlords, with a view to protecting tenants from eviction or from inflation in rents.

167. In *Ireland*, fixed rents for local authority tenants, i.e. those which do not vary with a tenant's income, were raised by IRL 1 a week from 1 January 1982.

In the private sector, the Housing (Private Rented Dwellings) Act, 1982, reintroduced a form of control of rents to replace temporary legislation which followed the declaration of the Supreme Court that the Rent Restriction Acts were, in major part, unconstitutional. The Act allows rents to be raised by agreement between landlord and tenant, subject to appeal to the District Court, which may determine 'a just and proper rent'. Such applications may only be made once in five years. The Act confers security of tenure on tenants of dwellings subject to rent control under earlier legislation, with a right of appeal by the landlord to the District Court to recover possession in certain cases. Provision is made for the Minister for Social Welfare to make regulations for the payment of rent allowances to tenants of private landlords.

168. In *Italy*, the problem of landlord and tenant law and rent levels continued to exercise the government. It is significant that the difference between the rents of vacant houses and houses with tenants had widened to 30-35%.

169. In *Luxembourg*, negotiations on modifications in the present legislation on rents are in progress within the Economic and Social Council.

170. In the *Netherlands*, rents were raised by an average of 6% for new and 4% for old houses.

171. In the *United Kingdom*, there were no developments of substance during the period under review.

Reconstruction and modernization

172. In *Belgium*, slum clearance and redevelopment are the responsibility of the three regional administrations. Although redevelopment in Belgium as a whole has suffered less than house construction during the crisis in the building industry, there are differences in emphasis in the policies of the regional administrations.

173. In *Denmark*, the government introduced new legislation on urban renewal with a view to stimulating employment. The demand for housing improvements increased, to occupy 58% of the building labour force.

Completed housing and proportion of subsidized dwellings¹

Country	Dwellings completed	1977	1978	1979	1980 ²	1981
Belgium³	Total number of dwellings	73 160	66 532	69 204	47 561	33 287
	Number per 1 000 inhabitants	7.4	6.8	7.0	4.8	3.4
	Number of subsidized dwellings	30 446	33 790	32 734	25 877	25 204
	% of total	41.6	50.8	47.3	54.4	75.7
Denmark	Total number of dwellings	36 276	34 218	31 064	30 345	21 874
	Number per 1 000 inhabitants	7.7	6.7	6.1	5.9	4.3
	Number of subsidized dwellings	6 374	5 501	4 844	7 242	6 923
	% of total	17.6	16.1	15.6	23.9	31.6
FR of Germany	Total number of dwellings	409 012	368 145	358 000	389 000	365 000
	Number per 1 000 inhabitants	6.7	6.0	5.8	6.3	6.0
	Number of subsidized dwellings	129 600	90 225	108 800	97 175	91 200
	% of total	34.1	24.5	30.4	25.0	25.0
France	Total number of dwellings	450 900	440 100	403 600	378 329	390 951
	Number per 1 000 inhabitants	8.4	8.2	7.5	7.0	7.26
	Number of subsidized dwellings	267 000	254 000	211 300	118 900	160 400
	% of total	59.0	57.7	52.4	31.0	41.0
Ireland	Total number of dwellings	24 548	25 444	26 544	27 785	28 917
	Number per 1 000 inhabitants	7.7	7.6	7.9	8.1	8.4
	Number of subsidized dwellings	15 748	19 221	18 317	15 377	16 362
	% of total	64.2	75.6	69.0	55.3	56.6
Italy	Total number of dwellings	149 283	177 320	148 600	247 700	215 000
	Number per 1 000 inhabitants	2.6	3.1	2.6	4.3	3.8
	Number of subsidized dwellings	52 000	48 000	43 300	40 000	42 000
	% of total	34.8	27.1	29.1	16.1	19.5

Luxembourg	Total number of dwellings	2 840	2 530	2 070	1 985	2 040
	Number per 1 000 inhabitants	8.0	7.1	5.7	5.5	5.6
	Number of subsidized dwellings	953	864	769	881	687
	% of total	33.2	34.2	37.1	44.4	33.7
The Netherlands	Total number of dwellings	111 047	105 825	87 522	113 756	117 759
	Number per 1 000 inhabitants	8.0	7.6	6.2	7.9	8.1
	Number of subsidized dwellings	83 999	75 269	58 616	84 750	99 641
	% of total	75.6	71.1	67.0	74.5	84.6
United Kingdom	Total number of dwellings	313 500	288 100	249 400	239 096	198 200
	Number per 1 000 inhabitants	5.6	5.2	4.3	4.3	3.6
	Number of subsidized dwellings	172 800	139 100	107 300	109 634	85 200
	% of total	55.1	48.3	44.2	45.9	43.0
European Community	Total number of dwellings	1 570 566	1 508 214	1 369 504	1 475 094	1 373 028
	Number per 1 000 inhabitants	6.1	5.8	5.3	5.6	5.3
	Number of subsidized dwellings	768 920	655 972	585 980	554 699	527 617
	% of total	49.0	43.5	42.8	37.6	38.4

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.

Note: It is not possible to complete the series for Greece on the same basis as for other Member States. Provisional completions for 1981 = 108 200 (completed dwellings).

174. In the *Federal Republic of Germany*, 60 000 houses were modernized in 1982 with the aid of subsidies of DM 260 million and low-interest loans of DM 140 million. Under the special programme for energy saving (1975-82) 1 200 000 dwellings were provided with additional insulation.

175. In *Greece*, the census of 1971 showed that only 65% of houses had a regular water supply and only 45% lavatories with plumbing installations. These conditions have been greatly improved in recent years and more than 70% of houses now have a municipally-provided water supply.

The improvement of sanitary installations is the result of private spending without the financial assistance of the State.

Loans and tax relief are however available to deal with housing problems in areas hit by earthquakes.

176. In *France*, the government increased aid for the improvement of older HLM housing, the allocation for 1982 being about 40% higher than in 1981. The parastatal organization ANAH¹ continued to contribute 40% to the costs of improvements schemes, 60% in certain cases.

177. In *Ireland*, the more restricted scheme of house improvement grants introduced in October 1981 resulted in a much reduced total of grants paid (only 3 294 in the first half of 1982 compared with 26 453 in the first half of 1981). The government, however, subsequently widened the scheme to include grants for repairs to basic fabric and set up a task force to undertake an emergency programme for elderly persons living alone in insanitary or unfit housing accommodation.

178. In *Italy*, 2 000 000 privately owned properties were modernized over the period 1975-80. Only 12 580 dwellings or 0.3% of the housing stock dating from before 1980 were included in the plans of communes for reconstruction or improvement.

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

180. In the *Netherlands*, government emphasis on slum clearance continues. Lack of funds however prompts the government to distribute scarce resources among the four largest cities (Amsterdam, Rotterdam, The Hague and

¹ National Agency for the Improvement of Housing.

Utrecht) and other centres of urban growth. Inner city housing area also stands to benefit from the new subsidy introduced for special groups requiring additional living space, such as large families, which often belong to ethnic minorities.

181. In the *United Kingdom*, the government has announced a series of *ad hoc* grants for joint public/private cooperative schemes of social and/or economic improvement, including a scheme based on American models for city neighbourhoods. At the same time the Secretary of State has concentrated on attracting money from private financial institutions and has appointed an (American) special advisor on inner cities to focus attention on the role of voluntary organizations in the regeneration and to seek ways in which existing funds can be used as a leverage to raise more money.

Town and country planning

182. In *Belgium*, the Flemish regional administration facilitated procedures for urban renewal and allocated contributions of up to 60%, while in Wallonia, subsidies of up to BFR 300 000 were made available for each project.

183. In *Denmark*, new legislation has been introduced, further decentralizing planning decisions.

184. In the *Federal Republic of Germany*, 220 million DM were allocated by the federal government to contribute to 639 projects in 481 municipalities.

185. In *Greece*, a policy of town planning and regulating land use in rural areas within the framework of regional development has been launched, and a decentralization policy for the Athens area. The new government intends to participate and coordinate environmental and town planning but with an intensified policy of decentralization of responsibility for detailed administration to local authorities.

186. In *France*, the government has continued to implement the reforms in planning administration. All planning decisions are now effectively decentralized whether at communal or regional level, apart from those bearing on national monuments or the national architectural heritage. Despite these reforms, there is a lot of impetus in regional development, and further schemes to stimulate such development are under discussion.

187. In *Ireland*, the Local Government (Planning and Development) Act 1982 included measures relating to the duration of planning permissions, higher penalties for offenses, payment of fees and other matters.

The Urban Development Areas Bill, 1982, contains proposals for the designation of areas in cities and towns for redevelopment by special commissions responsible to the Minister for the Environment and funded by the government.

188. In *Italy*, the Law of 25 March 1982 (No 94) has simplified the procedure for obtaining planning approval. Where an application concerns a development in an area, where there exists a plan approved by the commune after 31 August 1967, it is deemed to be approved if after 60 days no reply is made within 60 days of receipt of the application.

189. In *Luxembourg* and the *Netherlands*, no new measures were adopted in 1982.

190. In the *United Kingdom*, the Derelict Land Act 1982 will enable the Secretary of State for the Environment to designate areas where local authorities or private developers can receive grants towards expenditure or net losses in reclaiming such land for housing, commerce, industry or other uses. Registers showing derelict sites in public ownership have also been published and the Secretary of State has power, under the Act, to direct public bodies to dispose of land unreasonably withheld to private developers.

Chapter VII

Family affairs

Trends within the Community

191. There is a grave temptation in those Member States where expenditure on family benefits is substantial for governments to cut the level of benefits or change the conditions of eligibility with a view to reducing budget or social security deficits. The year under review saw a slight reduction in allowances for the second and third child in the Federal Republic of Germany and the introduction of a temporary flat-rate levy on family allowances in Belgium. More ambitious plans for expenditure cuts in this field which had been advocated in the Netherlands were provisionally withdrawn, whilst in France the July adjustment in family allowance rates was only half that which would have been required to offset increases in prices.

Family organizations in these countries protested vigorously against actual or threatened cuts in family allowances, arguing in particular that they affected only one section of the population—families with children—and were socially unacceptable for this reason. The Belgian Government introduced a 'solidarity' contribution for couples and single people without children, in parallel with the levy on family allowances.

192. For some years now increasing attention has been devoted to the welfare of one-parent families in all Member States. Various special arrangements have been made for their benefit in relation to social security, assistance benefits, social services, etc., and a number of studies have been or are being carried out at national level with a view to gaining a clearer picture of the number of such families, their needs, living conditions and legal situation. As regards the Community dimension, mention should be made of a study carried out recently at the Commission's initiative within the framework of the interim programme to combat poverty.

Development of the situation in the member countries

Belgium

193. While continuing to adjust family allowances in line with the price index—which led to five increases in 1982—the government, seeking ways to reduce the social security budget deficit, decided that for the period from 1 April to 31 December 1982 a flat-rate levy of BFR 500 per month would be imposed on each family receiving these allowances and a ‘solidarity’ contribution of BFR 900 per month levied on taxpayers with no children; however, these measures do not apply to the poorest families. Under the draft 1983 budget, these measures—announced as temporary—will be maintained in 1983. The draft budget and finance law lodged on 23 December moreover contains new dispositions regarding the taxation of families.

A Council for Family Affairs for the Dutch-speaking community was set up in June. The corresponding Council for the French-speaking community was reorganized; it submitted two opinions to the competent Minister, one concerning proposed new regulations for family planning centres and marriage guidance counselling, the other relating to children and advertising.

In 1981 there were 235 home-help services in operation (providing care at home for families and the elderly), employing 12 422 persons (compared with 11 712 in 1980) and receiving more than BFR 3 455 million in subsidies from the Ministry for Public Health and Family Affairs.

In July the Lower House threw out a draft law permitting the voluntary termination of pregnancy if carried out by a doctor with the written consent of the patient, who was to be properly informed of the issues involved. The measure was to be introduced experimentally for one year.

Denmark

194. Parliament adopted amendments to the social assistance law on two points. Firstly, regulations on the procedures for removal of children from the custody of their parents were made more stringent—among other things by stipulating that parents must always be assisted by a lawyer in such cases and that the advice of a child guidance counsellor must be sought. Secondly, the provisions relating to aid for handicapped children living with their families were returned to their original form, restoring the universal right to aid to cover

the additional cost of caring for a handicapped child. In 1981, for reasons of economy, this benefit had been restricted to families in difficult financial circumstances. In 1982, the Social Research Institute published a report on the need to help families caring for mentally-handicapped children, to make their task easier.

In the new law on individual housing aid, which will enter into force on 1 January 1983, the provisions on rent subsidies have been made more favourable for families with children.

Efforts are being made to reduce the operating costs of day nurseries and other child care facilities. In different circulars, the local authorities have been requested to seek new and less costly methods.

A proposal to establish greater equality between married men and women in fiscal matters was adopted in the spring. Married women will be assessed separately as regards income tax and wealth tax relief. However, the circumstances of the spouse will still be taken into account to a certain extent for the purposes of tax assessment.

Federal Republic of Germany

195. The family associations protested against the reduction of DM 20 per month in family allowances paid for the second and third child which came into force on 1 January. This measure allowed a saving of DM 1 700 million in the federal budget.

Figures were published in 1982 concerning public expenditure on aid to young people in 1980; the total was DM 5 300 million (4 800 million in 1979) and almost one-third of this amount was allocated to day-care establishments for children such as day nurseries, nursery schools and child-minding centres for children of school age. In 1980, there were 995 day nurseries, offering 26 104 places. The proportion of children between 3 and 6 years of age attending nursery schools rose from 40.9% in 1975 to 63.1% in 1980, which appears to reflect the increase in the number of mothers in employment.

An increasing number of working mothers are taking advantage of the possibility, available since 1979, of extending their maternity leave by four months (with an allowance of up to DM 750 per month, paid from the federal budget). In 1980, 88% of women entitled to this optional leave chose to take it (i.e. 294 000 out of 332 000).

A two-year experiment has been carried out in Lower Saxony involving the granting of an allowance to fathers or mothers giving up their occupational

activity to look after their child for a period of up to 18 months. Some 750 families received between DM 300 and DM 426 per month according to their income. The results of this trial were considered very encouraging and in Berlin, the Senate intends to introduce an allowance of this kind at the end of 1982.

Through a series of pilot schemes, the Federal Ministry for Youth, Family Affairs and Health is encouraging efforts to offer children living in difficult circumstances a better chance for development. As a result, timely assistance and preventive measures in cases of ill-treatment, tested in a pilot scheme involving children's communities, has already been provided for in several towns. A *vade-mecum* for social workers dealing with children who have been victims of ill-treatment has been widely circulated.

As part of the initial stage of the 'children in hospital' project, surveys were carried out in 287 children's hospitals to examine the possibilities of involving parents in the hospital care of their sick child. Since autumn 1982 an attempt has been made to apply the results in a number of hospitals; this involves informing parents and making changes to the way in which hospitals operate and to staff training. In addition, further progress was made in the work of the 'mother and child centres', which provide valuable assistance to Turkish mothers concerning the health and upbringing of their children.

The Ministry published a study by Mrs Sophie Behr entitled 'Effects of the social and economic circumstances of one-parent families on the development of the children'. It reveals that in 1981 there were 905 000 single parents with one or more children under 18 in the Federal Republic. The number of fathers bringing up children on their own rose from 88 000 in 1972 to 141 000 in 1981. Of these, 103 000 were caring for one child, 28 000 for two children and 10 000 for three or more. The number of single mothers increased from 618 000 in 1972 to 764 000 in 1981. In most cases (almost 500 000) they had only one child.

The Federal Constitutional Court organized consultations on the 'parents' joint right of custody after a divorce', recommended by several courts as a 'natural parental right'; these courts feel that this arrangement could be better for the child than the present system whereby custody is granted to one parent only. In its judgment dated 3 November 1982, the Court agreed with such a recommendation, declaring null and void the present legal position, whereby custody is granted to one parent only in case of divorce.

Greece

196. Family allowances were raised substantially, especially for families with more than three children. A similar policy is being followed in relation to taxation.

Since the beginning of the year, 175 new State child-minding centres have been set up, bringing their number to 916 with two nursery nurses and 280 with three. The average attendance is 50 children per centre (the legal maximum is 70). To this number must be added 29 child-minding centres with 2 000 children run by PIKPA, a semi-public social welfare institution, and 38 others run by EOP, a semi-public social insurance body. There is also a considerable number of child-minding centres run by private bodies.

A draft law was presented to Parliament on the ratification by Greece of ILO Convention No 103 on maternity protection.

France

197. Allowances for families with two children were raised by 25% in February 1982. On 1 July, all family allowances were raised by 6.2% although prices had risen by 14%; only the supplementary allowance for low-income families was raised correspondingly.

The 1982 finance law lowered the ceiling on tax relief under the 'family quotient' system, thereby reducing the extent to which high-income families can benefit. Under the 1983 finance law it is proposed to extend to families where both parents work full-time the possibility of deducting child-minding costs for under three year-olds (up to FF 3 000 per child) from their taxable income. Until now this facility was restricted to single, widowed or divorced parents; the measure is only applicable to incomes below a certain ceiling. It is also planned to eliminate the concept of 'head of household' from the general taxation code and in future husband and wife will sign the income declaration jointly.

The government and the family allowances fund are at present discussing a proposal to reform the method of financing the operating expenditure of day nurseries with a view to relieving the present burden on local authorities and encouraging them to develop this type of facility.

The importance of the Law of 10 July 1982 concerning the spouses of craftsmen and tradesmen employed in the family business should be emphasized. It amends the provisions of the labour code, social security system, civil code and company law to establish an occupational status for this group of people.

In October the State Secretary responsible for family affairs presented proposals to the Cabinet making the rules on adoption more flexible. Every year about 30 000 applications are submitted while barely 6 000 are approved. A draft law will be prepared in cooperation with the Ministry of Justice.

Ireland

198. Under the general child allowance scheme, rates of payment were increased in April by IRL 5.25 per month for the first child, IRL 2.25 per month for subsequent children up to the fifth child, and IRL 8.50 per month for the sixth and each additional child. Supplements payable to social welfare recipients for dependants were increased in April by 10 to 15% for the first child and to 25% for subsequent children up to the fifth. Sixth and subsequent children were given increases of under 10% as these categories received very sizeable increases under the general child allowance scheme.

Income tax allowances for dependent children were reduced from IRL 195 to IRL 100 but in the case of one-parent families the tax allowances were increased.

An anomaly in social welfare legislation whereby married women separated from their husbands could not qualify for unemployment assistance unless they had dependent children has been removed.

A draft law based on the recommendations of the Task Force on Child Care Services¹ is being prepared. It is expected that the bill will include provisions directed towards safeguarding the interests and promoting the welfare of children, the reform of the juvenile justice system and assigning additional child care responsibilities to the health boards. In June the government approved proposals for the establishment of a committee to review the existing legal and administrative adoption arrangements and for the transfer of functions relating to adoption from the Minister for Justice to the Minister for Health (effective since 1 January 1983).

The government working party, appointed in 1981¹ to examine the position of child care facilities for working parents and to make recommendations accordingly, has finished its work and the report to the Minister for Labour is expected early in 1983.

¹ Social Report 1981, point 176.

Italy

199. The National Family Commission established in 1980 by the government has submitted the conclusions of its working parties: the group on the economic problems of families and allowances for family dependants has put forward proposals for a medium-term reform of the tax relief system combined with direct transfer payments. The working party on the situation of women has put forward a set of measures and advocates the preparation of a legal instrument designed to achieve true equality; it also called for surveys of particular categories, such as young women and women who are heads of household. The working party on family law has examined the questions of family businesses and community of matrimonial property, together with legal problems raised in the case of unmarried couples.

A fourth working party looked into the relationship between work organization and time devoted to the family, while another considered the overall needs and problems of the family, particularly as regards housing, education and the mass media, and put forward proposals on these subjects. It advocated setting up a national centre for the coordination of family policy and pointed out that such a body existed in one form or another in most western countries. Law No 164 of 14 April 1982 allows changing the sex of a person in the population register, after decision of the competent court.

Censis (Centro Studi Investimenti Sociali—Centre for social investment studies) has completed a survey on the aspirations and behaviour of families, and the extent to which they are matched by facilities provided, in the province of Trento.

Luxembourg

200. The financial difficulties caused by the economic crisis have forced the government to slow down the implementation of its family policy programme. Family allowances for the third and subsequent children were nevertheless raised to LFR 5 356 per month (December 1982) by the Law of 30 March and a derogation from the Austerity Law of 8 April permitted the continuation of cost-of-living increases in both family allowances and birth grants. The birth grant has now risen to nearly LFR 40 000. The significance of these measures can only be fully understood in the context of the grave demographic crisis facing Luxembourg.

A Grand-Ducal Regulation of 26 January established a Council for Family Affairs and Child Welfare to advise the Minister for Family Affairs, Subsidized Housing and Social Solidarity. This Council comprises 16 members represent-

ing the various organizations primarily concerned with promoting the economic, social and cultural welfare of families and children.

The Netherlands

201. The Dutch Council for Family Affairs protested repeatedly to both government and parliament against the proposed cuts in family allowances, arguing that the situation for low-income families was already worrying and that these economy measures were socially unacceptable inasmuch as they would only affect one section of the population—families with children. The proposals have now been provisionally withdrawn and the government seems to be inclining towards a solution whereby allowances would vary depending on the age of the children concerned, with reductions for children under six years of age and increases for those over 12. The Council for Family Affairs is in favour of such a solution.

The cut in subsidies to home-help services led to the loss of some 2500 jobs during the year under review.

A law regulating in detail the conditions under which minors should be heard in civil proceedings concerning them entered into force on 5 July. Judges are now obliged to give young people aged 12 or over the opportunity to express their opinions in cases concerning the exercise of parental authority over them. Analogous rules already existed for adoption and divorce proceedings.

According to a memorandum presented to the Lower House, the government is planning to change the provisions of the Civil Code so as to raise the minimum marriageable age for women from 16 to 18, thus bringing it into line with the marriageable age for men. The abolition of discrimination in this matter is favoured both by a large majority of members of the Lower House and by the Equality Commission. The Ministry of Employment and Social Affairs, which is responsible for the promotion of equal opportunities, has established a working party of officials from various ministries and independent experts whose task it will be to determine the objectives of equal opportunities policy for the coming years.

The year under review also saw the publication of the report of an interministerial working party set up in response to a Lower House resolution of 1979 calling for a general time-limit on the obligation to make maintenance payments. This report suggests that courts should specify not only the amount of maintenance to be paid but also the duration of payment, this decision to be based on criteria fixed by law.

United Kingdom

202. Child benefit was increased slightly during 1982. In a report published in April the Social Security Advisory Committee emphasized the need to restore the real value of child benefit, arguing that child support had fallen to less than half its 1960 value.

The continued policy of public spending cuts led representatives of the Association of Directors of Social Services to point out that services for families with very young children—notably day nurseries and social work services—had been particularly hard hit by local authority economies. There had been a substantial cutback in staffing in day nurseries and a number of these had been obliged to close down.

The voluntary coordinating body Family Forum called on the government to produce a green paper (discussion document) on family finances with a view to the adoption of a long-term policy for family support. The Forum expressed the view that the recognition, by successive governments of the importance of families as the basic units in society had not been translated into policies which would help families to perform their tasks. The Forum also suggested the establishment of a Family Commission to consider how preferred alternatives in the field of benefits and taxation would affect families.

From the middle of February, some people adopting children became eligible for payment for the care they give. Two groups of children are likely to benefit: children waiting in residential care and those already with foster parents who want to adopt them. These allowances are payable under Section 32 of the Children Act 1975, which the government brought into force in 1982. As it costs approximately UKL 107 a week to keep a child in a local authority residential home, payment of these allowances is actually likely to represent a saving. Local authorities and voluntary adoption agencies can submit schemes to the Department of Health and Social Security for approval. Other changes introduced by the government include a ban on private adoptions: henceforth only adoptions made through official agencies will be lawful. Voluntary adoption agencies will moreover have to be approved by the Department of Health and Social Security rather than simply being registered with local authorities.

The Law Commission is continuing its wide-ranging review of family law. In December 1981 it published a report on the financial consequences of divorce which recommended that existing legislation be amended so as to accord overriding priority to the provision of adequate financial support for children and ensure that the importance of each party doing everything possible to become self-sufficient was formulated in terms of a positive principle.

Chapter VIII

Social aid and welfare services

Trends within the Community

203. Attempts to curtail public expenditure on social aid and welfare services were intensified during the year in all countries of the Community. However, such attempts coincided with much greater demands for financial help, mainly from the growing numbers of unemployed, particularly the long-term unemployed, who in many countries had either exhausted their rights to social security benefits or in the case of young school-leavers were not deemed to have acquired such rights. The 'safety net' of social aid was therefore beginning to become somewhat worn in many countries as less resources, in terms of both money and staff, had to take the strain of many more people needing help.

204. The policy of 'community care' was promoted with increasing vigour by governments anxious to transfer the cost of such care away from their budgets. Many countries have come to rely on voluntary bodies as a means of carrying out this transfer, providing them with a certain amount of financial aid as a means of priming the pump. Awareness is growing, however, that the costs which are transferred are not equally borne by all members of the 'community'. In the case of care for the very elderly, for example, the costs may fall on female relatives who are unlikely to receive much in the way of compensation.

205. In several countries, reports on the role and training of social workers were published. The field is clearly one of some controversy and debate is likely to continue, although it appeared that two main schools of thought emerged. One school called for more specialized training and the development of case-work, while others felt that social work should be seen in the more general context of the local community and social workers should not seek to supplant existing aid networks which have grown up informally.

Development of the situation in the member countries

Belgium

206. A proposal aiming at reforming certain aspects of the management of public social welfare centres was introduced, together with the decision to merge the existing separate appeal schemes (one for minimum allowances—'minimex'—and one for other aspects of social aid). Public attention was drawn to the fear that the system of welfare centres is in danger of becoming an 'imposture', with monthly benefits of only BFR 10 800 for a single person and BFR 15 000 for a couple, out of which housing, heating and other costs of living have to be paid.

With the growth of unemployment, the operation of the welfare centres has been placed under severe strain, in particular as regards dealing with the young, who are deemed not to have acquired any rights to social security benefits. Young households who contracted debts which they find difficult to repay when unemployed pose particular problems. Another heavy call on the welfare centres' resources is the need to advance money to women with children, whose separated husbands do not pay the maintenance allowances as ordered by the Courts. The increasing severity of this latter problem has led to proposals that a State agency be set up to make the payments to the mother first, then institute the necessary legal procedures to recoup the money from the father, rather than leaving it to the mother to initiate the sometimes long and costly process.

In spite of their difficulties, the social welfare centres have carried out several innovative programmes during the year: preventive information campaigns (for example on 'usury' interest rates implied in advertisements by private credit agencies), help for young alcoholics, translation of documents for immigrants, methods of coping with debts, among many others.

Denmark

207. The commission on the elderly published a third report in July aimed at a coherent policy for the old. Particular stress was given to the need to provide part-time work, with appropriate pension arrangements.

As part of general economies, the government has already obtained agreement to reduce as from 1984 old-age pensions to those aged 67-69 by 60% of earnings

over DKR 44 100. In other respects, pensions have been spared from reductions and the heating allowance to low-income pensioners has been doubled.

Controversy was aroused by a circular in July with the aim of reducing public expenditure for young people who decided to live away from home, since it was argued that the amount of aid was perhaps too generous for young people.

A report aiming to reduce the extent of discretion in granting social aid was published which proposed, where possible, precise rules in order to reduce the practice of discretion. The law has been changed to allow experiments with different systems in different municipalities.

The change of government in the autumn led to a considerably more drastic programme of economies. Basic social aid has been reduced by 10% in general and recipients after nine months will receive only the amount given to old-age pensioners. Extra efforts are being made to reduce expenditure on welfare services in kind.

Federal Republic of Germany

208. The year was marked by an increasing consciousness of the growth in the number of people dependent on social aid payments—especially as a result of long-term unemployment with a consequently above-average growth in expenditure. The amount received was increased by 3% (to DM 338 per month) instead of an uprating in line with inflation as in previous years. Other cuts were also announced in various extra payments to supplement the basic amount as well as for persons resident in institutions.

A commission was set up to consider reforming the training of social workers, with a view to reaching a more unified scheme. Further courses were announced for the training of social workers from the same ethnic background as the different groups of foreign workers.

The government reaffirmed its commitment to enabling old people to live in the community with back-up care available at local level. In order to encourage self-sufficiency in old age, day car and mobile services were further developed.

Research efforts were concentrated on improving human relationships in old peoples' homes and hospitals. In connection with the UN World Assembly on Ageing in July/August 1982 in Vienna, an architects competition was announced for the best design for an old persons' home.

Greece

209. As in France, the advent of a socialist government led to substantial increases in the minimum levels of social benefits. In the agricultural sector, the increases were of the order of 33%; for artisans, 50%; for industrial workers, 60%.

In May, important reforms were announced in the health field with the setting up of a public health service which will include local health centres outside hospitals and more emphasis on primary care.

An extension of the social aid coverage was announced in July, with payments now available for deaf and dumb adults, the severely mentally handicapped and persons suffering from Mediterranean anemia.

France

210. Most amounts of minimum social benefits were increased significantly (around 20%) during the year, together with an increase in family benefits of 25%. However, relatively large differences still exist between certain categories—such as old persons with FF 2 200 per month—and other categories—such as certain unemployed with FF 800 per month.

Special efforts were made this year to help the elderly, with the setting-up of a National Committee of Retired and Elderly Persons to be consulted by the government on all plans affecting the elderly. As well, each *département* will in future prepare each year a 'Gerontological Plan' in order to improve the methods of allocation of finance among the different needs of the elderly. Other action for this group is aimed at decentralizing care facilities—where such is not already the case—in order to encourage care in the community, while maintaining the principle of choice as regards the possibility of residence in specialized institutions.

The views of the government were made known regarding the role of the social services, stressing solidarity within the local community. It was also proposed to set up a Higher Council for Social Work with a coordinating role.

Holidays for the low-paid were encouraged by an extension of 'Holiday Vouchers' (*Chèques-Vacances*), subsidized by the employer and requiring regular savings out of earnings.

Ireland

211. The National Community Development Agency Act, 1982, which became law in July 1982, provided for the setting-up of a National Community Development Agency having wide-ranging powers in the areas of community development, poverty (insofar as this exists) social deprivation and inequality. The new government installed towards the end of the year has however announced its intention to repeal this Act. In April, rates of assistance payments were raised by 25%, with an easing in the means-test for single parents. The unemployment assistance scheme was extended to married women without dependent children who were separated from their husbands.

In July, rent control ended and a Rent Allowance Scheme was introduced for tenants with low incomes; the allowance is aimed at avoiding hardship caused by the rent increases.

The free telephone rental scheme was extended to blind persons under age 66 and the free travel scheme to residents receiving United Kingdom invalidity pensions for at least a year.

Italy

212. Concern has been growing over the increasing numbers of persons forced into finding employment in the 'alternative' economy where social security coverage based on contributions from declared earning does not exist. Cases of financial hardship have therefore to be met out of social aid funds, increasing their financial problems. Over 9 000 public entities are now involved in the provision of social aid and there have been growing accusations of duplication of services, inefficiency, and too much discretionary power.

Much discussion has been taking place in parliament about psychiatric treatment and in particular whether long-term cases should be treated apart from or together with other long-term sick. A study is being carried out on the organization of psychiatric services in representative areas of north, central and southern Italy.¹

Important regional changes have been taking place in the organization of the social services. As well, a range of appropriate structures has been instituted with the aim of enabling old persons to continue to live in their own homes, without being constrained to interrupt drastically their habits and break up social relationships, implied by a move into a special institution.

¹ By the Centro Studi Investimenti Sociali (Censis).

Luxembourg

213. From 14 April, when regular wage indexation was suspended, people having to live on minimum earnings were granted special flat-rate increases of LFR 600 for those with dependants or LFR 350 for those without. Further increases of the same amounts were added in July and November.¹

A regulation of 8 October granted a lump sum to certain pensioners and other beneficiaries, excluded from measures to increase the social minimum wage. Under certain conditions, they may receive LFR 9 600 for those with dependants and LFR 5 600 for single persons.

By a regulation of 28 November, the government decided to increase by stages the price of solid fuel, creating by way of compensation a heating allowance for low-income households.

Government loans were announced to help young married couples with a joint income of less LFR 730 000 per year. The loans will carry a special interest rate (8.25%) and will be partially reimbursed by the State if a child is born within the 30 months following the marriage, unless the mother is under 23 years old.

The Netherlands

214. Reductions in the purchasing power of social aid benefits were estimated by the relevant Ministry² as being from between 3.8% to 1.4%, whereas only a reduction of 1% was planned.

The law reforming the social welfare scheme mentioned in last year's report² was not in fact passed in 1981. The government crisis during 1982 prevented its passing by both houses of parliament until now.

A new Council for the Elderly was proposed by the Socio-Economic Council, to avoid overlap between various organizations involved with care for the elderly.

The search for economies continued with a proposal to reduce considerably the number of persons providing social help and services.

A study by the Central Statistical Bureau on the problems tackled by social workers indicated that only one-third of them were not related to financial problems, with one-third solely financial.

¹ Point 145.

² Social Report 1981, point 193.

United Kingdom

215. The government continued the policy of promoting care in the community together with the development of voluntary work as methods of reducing public expenditure. Voluntary workers were allowed to earn up to UKL 2 per day and are now not disbarred from using the skills acquired in their previous occupation. Further schemes for using the unemployed as possible volunteers were announced, such as the Manpower Services Commission's 'Voluntary Projects Programme', in which out-of-pocket expenses of up to UKL 5 per week may be paid in addition to benefits. 'Opportunities for Volunteering' was launched by the Department of Health and Social Security to promote voluntary work by the unemployed in the fields of health and social care, with grants to local voluntary bodies to cover organization costs.

Two recent studies¹ by the Equal Opportunities Commission indicated that the cost of home-based care for the elderly and handicapped in fact transfers most of the cost onto women. They are either prevented from working at all or have to reduce their hours of work, which often means missing out on training or promotion opportunities, in order to look after relatives—particularly the increasing numbers aged over 85, the 'frail elderly'.

The results of a re-examination of social work were made public² with a majority recommendation for a move towards a community-based service aimed at cooperating with informal networks already in existence.

The growing numbers of unemployed persons having to rely solely on supplementary benefit, for example around three-quarters of unemployed men, are likely to be affected by changes in treating fuel debts. In future, no ceiling will be imposed on the amount of debt to be repaid directly from minimum benefits before these are received by the persons entitled.

A new scheme of housing benefits started for most local authority tenants in November and will be fully operational in April 1983. It is designed to reduce the duplication between different agencies over the help given to low-income households, but may lead to higher debts in other respects because of reduced flexibility in the household budget.

¹ 'Caring for the Elderly and Handicapped: community care policies and women's lives' and 'Who Cares for the Carers? Opportunities for those caring for the elderly and handicapped'.

² The 'Barclay' report.

Chapter IX

Social security

Trends within the Community

216. Whilst 1982 did see improvements in social security systems (notably—in a number of countries—as regards pensions), financial problems occupied the centre of the stage and the most striking feature of the year was the number of the measures taken with a view to tackling these problems. The reasons for the current difficulties are well known and were, indeed, outlined in last year's Social Report.¹

217. One way of resolving financial imbalances would of course be to increase revenue. Unfortunately—as matters stand—any increase in revenue is likely to be obtained at the price of damage to the economy and the employment situation. To increase the contribution from public funds would in present circumstances simply aggravate budget deficits, whilst higher employer contributions would tend to discourage recruitment and hence hinder job creation. Higher employee contributions, on the other hand, would be liable to provoke further increases in wages and might indeed create unrest, given that unemployment is inevitably adding to the load which those still in work must bear in terms of supporting the economically inactive population. This explains the idea of 'solidarity' contributions to be paid by the non-employed, occupational groups less exposed to the risk of unemployment or high-income groups.

218. Another possibility is to reduce expenditure. In this context, administrative economies and measures aimed at minimizing instances of unjustifiable multiple entitlement or eliminating abuses are unquestionably to be welcomed. Unfortunately, the impact of such measures is bound to be limited in relation to the overall volume of expenditure. More far-reaching initiatives are clearly

¹ Social Report 1981, point 196.

needed if the cost of social security is to be reduced significantly. Efforts will therefore be made to tackle the causes of expenditure growth, especially in the field of health care, where the pace of growth is spectacular. The desire to obtain immediate results will, however, militate in favour of cuts in benefits, stricter conditions of eligibility, less generous arrangements for cost-living adjustments or the payment by insured persons of a share—or a larger share than hitherto—of the cost of services provided for their benefit (e.g. in the case of illness). This chapter furnishes a number of examples of such measures, whose effects are most strongly felt by the least favoured sections of society—a fact which explains the exceptions or compensatory arrangements from which the latter benefit in certain instances. Though reductions in expenditure may be achieved by the above means, this in no way prevents additional expenditure from arising as a result of other factors—increases in unemployment totals, longer average periods of unemployment or financial aid schemes introduced as an incentive to recruitment.

219. In the face of this dual problem of increasing revenue and reducing the overall volume of expenditure, there is a temptation to suggest that part of the 'burden' of social security should be shifted to the private sector. There would, however, be a price to pay and the social consequences would be severe for the considerable number of people who would be unable to afford the cost of the services transferred. It should also be remembered that social security is the final shield against the effects of the crisis for these disadvantaged groups. For these reasons their representatives argue that there should be no backtracking on a hundred years of social progress. Equally, however, we cannot afford to close our eyes to the present difficulties. The solution would seem to lie in a readjustment of social security systems to bring them into line not only with economic realities but also with social and demographic changes. Evidence of efforts to pursue this approach can be seen in a number of the initiatives described in this chapter, which include measures aimed at rationalizing, harmonizing and simplifying systems, reassessing methods of financing or the efficacy of benefits, adjusting the rules to new patterns of working time, introducing technological innovations into management systems, etc.

220. The measures introduced—or proposed—give the impression of having been devised under pressure of time to cope with the immediate crisis. The crisis period will not, however, have been totally without benefit if these emergency measures provide the opportunity for a more measured consideration of the problems associated with the future of social security. We must ask ourselves whether the time has not come to take a new look at existing social security systems with a view to separating the essentials from those elements which are either secondary or questionable in character and redefining priori-

ties accordingly—in short, to take the measure of the problems which, whilst revealed by the crisis, have very possibly been with us for much longer, masked by the euphoria of the growth years.

A review of this nature—extended to Community level—should help to identify the broad objectives for a social security policy geared to the future.¹ With this aim in view, the Commission recently proposed that the Community institutions conduct a wide-ranging debate on this question, taking care to involve the two sides of industry in their consultations.²

Development of the situation in the member countries

Belgium

221. Under the special powers granted by parliament to secure the country's economic recovery, the government adopted a number of measures concerning social security. Thus, in the area of health care, the insured person's contribution for medical consultations, pharmaceutical preparations on prescription, physiotherapy, etc., was increased by a Royal Decree of 23 March; at the same time, certain categories previously exempt from this contribution (widows, disabled persons, old-age pensioners, orphans) became liable. Medical checks to prevent irregularity were tightened up, while fees in the health professions were frozen. Various economy measures were also taken in the area of industrial accidents/occupational diseases. Recipients of disability allowances, early retirement pensions and allowances from the industrial accident fund were made subject to pension contributions. With regard to unemployment, benefits were cut by 6% in the case of households with more than one income, and the method of calculating the average 'daily' wage was modified. Finally, a temporary reduction (until 31 December) of BFR 500 a month in ordinary family allowances was decided on, while a contribution of BFR 900 was imposed on taxpayers without children. A special contribution of 10% was levied on the higher income groups (over BFR 3 million) in 1982 and an additional 5% tax was levied on car insurance premiums.

¹ It should be pointed out in this context that certain specific objectives have already been established at Community level: equal treatment for men and women as regards social security: flexible and phased retirement.

² Communication from the Commission to the Council on social security problems (COM(82)716).

The impact of this set of measures aimed at making savings or generating further revenue was tempered by the fact that the most underprivileged sections of society were often exempt and by the offsetting effect of other social protection measures. Thus, for example, the situation of a working mother who temporarily ceases to be covered by social security (a woman working part-time for a limited period in order to bring up a young child) has been improved; more generally, social security cover for part-time workers has been developed, particularly as regards unemployment insurance (which now applies to those working 18 hours a week or 3 hours a day) and sickness insurance. All young people who had completed their studies were allowed to claim flat-rate tide-over allowances if they were unemployed. Existing forms of discrimination between men and women as regards the reference wage used for calculating unemployment benefits were abolished. In addition, arrangements for retirement pensions are to be reviewed to allow men to retire at 60, as is already the case for women; this would entail the abolition of the present 'bridging pension' scheme. With a view to stimulating employment, employers were exempted from contributions over a period of six months (until 31 March 1983) where young workers aged under 25 were hired. Worker's contributions to pensions insurance, however, were increased from 6.25% to 7%.

Nevertheless, in order to achieve financial stability in 1983, the government plans to continue (in the case of family allowances) or extend (in the case of contributions) certain measures adopted this year.

Denmark

222. In spring, the early retirement scheme was improved, benefits for the 3rd level increasing from 60% to 70% of the maximum amount of unemployment benefit. Simultaneously, contributions from employers and employees were increased.

The incapacity allowance for the handicapped was reorganized according to the principle of universality, similar to the introduction of social income in 1980.

The new government made a series of cuts in social security benefits. Index-linked upratings have been mainly abandoned, in favour of uprating by regulation in line with incomes policy. Pensions are excepted, but unemployment and sickness benefits are frozen at their present level until April 1983. In addition:

- (i) a waiting period has been generalized for the first day of sickness; the period over which employers have to pay sickness benefit has been extended from 5 weeks to 13 weeks, as long as the person was in employment for at least 8 weeks (3 previously); no sickness benefits will be paid for more than 2 years;

- (ii) a waiting period of three days has been instituted from unemployment in case of bad weather; partial unemployment is now limited to a maximum of 10 hours a week and benefits considerably reduced; contributions were again increased;
- (iii) restrictive measures were also taken concerning health care (dental treatment and physiotherapy).

At the beginning of the year, the government took steps to combat youth unemployment. The object was to offer all young people either a job or training or further education possibilities on leaving school. The new government has not continued this programme but has undertaken to guarantee opportunities for appropriate education.

Federal Republic of Germany

223. A law of 3 June 1982 (measures concerning employment, growth and stability) provides in particular for training allowances for unemployed workers aged under 22 who have held a job entailing payment of social security contributions for at least four months and have been seeking work for at least three months. The same law introduces for the future the principle of requiring pensioners to pay sickness insurance contributions (currently their share is borne entirely by the pension funds).

In 1982 pensions will be adjusted according to the normal indexation system (temporary modified in recent years).

Decisions taken in July during the preparation of the budget provide, in particular, for a reduction in the contributions paid by the Employment Office to pension or sickness funds in respect of unemployed persons entitled to benefit; a ceiling on the proportion of expenditure borne by the sickness insurance funds in the case of minor items of medication and an increase in the share borne by the individual from DM 1.50 to DM 2 for other items; a patient's contribution of DM 5 *per diem* for the first 14 days in the case of hospitalization and, finally, an increase in the unemployment insurance contribution (0.30% for both employers and workers), together with a reduction in the State subsidy to the pension funds. In addition the new government has postponed the pensions adjustment to 1 July 1983 and has substantially reduced family allowances with effect from 1 January 1983 (from DM 100 to DM 50 for the second child, from DM 220 to DM 150 for the third and from DM 240 to DM 170 for subsequent children where the net annual income exceeds certain fixed ceilings) (for example a couple with two children: DM 42 000). In addition a contribution of

1% will be levied on pensions towards sickness insurance, with effect from 1 July 1983.

Greece

224. Important changes were made to the pension system by the new government. Firstly, the average amount was raised in line with the increase in the minimum wage (more than 30%). Secondly, the minimum monthly pension was raised to 18 times (old age) or 16 times (survivors) the minimum daily wage (the previous figures were 15 and 13.5 respectively). Finally, since 1 April 1982 pensions have been index-linked, adjustments being made three times a year.

A law adopted in March 1982 provides for the payment in instalments of arrears of contributions, which amounted to considerable sums, and for checks and penalties to ensure that this situation does not arise again.

Other measures have been announced, in particular the extension of social security to all occupational categories not yet covered and, secondly, a series of provisions (either administrative or structural) to overcome existing problems which have resulted in a considerable financial deficit partly caused by a substantial improvement in pensions.

France

225. The reforms announced in the previous year were put into effect, particularly as regards retirement schemes. Under the Order of 26 March, it will become possible for insured persons who have paid contributions for 37.5 years to any provident scheme to obtain a retirement pension at 60 corresponding to 50% of their earnings in the 10 best years (entry into force: April 1983). Unemployed persons who have paid contributions for a total of 10 years also became eligible for a retirement pension at the age of 60. Under temporary provisions in effect for one year, persons aged 55 and over may obtain an early retirement pension provided that they do not take up employment again; this will enable the employer to take on an unemployed worker or a young first job seeker. The minimum pension was raised from FF 1 700 to FF 2 000 per month on 1 January and to FF 2 125 on 1 July.

The reform of the family allowances system was held over until 1983, although changes benefiting families with two children were made in February.¹ The allowances were raised by 6.2% (i.e., less than expected) on 1 July.

¹ Point 197.

In implementing its programme, the government had to take account of the financial situation of the social security system. Although the contribution ceiling was raised twice and a sickness insurance contribution was imposed on persons receiving unemployment benefit, an economy programme had to be adopted in July to make good the deficit in various schemes. The result was a number of restrictions (cf. family allowances) or the postponement of certain reforms. The State assumed the burden of financing benefits for adult handicapped persons. An exceptional 'solidarity' contribution of 1% was levied on civil servants to help to reduce the unemployment insurance deficit. Other measures are, however, needed to curb the increase in health expenditure (to keep within overall budget limits) and increase revenue (contributions from those receiving early retirement pensions, patient's contribution to hospitalization costs, fiscal measures, i.e. an increase in taxes on alcohol and tobacco). In addition, the financing system may be revised (to reduce firms' labour costs) and perhaps the methods of adjusting benefits.

Negotiations continued with the two sides of industry on the question of adjusting the system of unemployment benefits and, having regard to the reform of statutory pensions, supplementary pension schemes.

Ireland

226. Social welfare benefits were raised by 25% from April, while contributions increased from 13.6% to 17.1% (of which the employer pays 11.6% and the employee 5.5%). For 1982, however, a tax allowance of IRL 312 was granted for private sector employees, to offset the increase.

A double week's payment was made in September 1982 for the child dependants of persons receiving social insurance and assistance payments. In December 1982 a double week's payment was also made to the recipients of long-term payments and for the child dependants of the recipients of short-term payment.

From 1 July, all recipients of social welfare pensions aged 66 or over (whether or not under contributory schemes) became entitled to free health care.

The rules in force were also changed to allow (in certain cases) the payment of unemployment benefits to workers dismissed as a result of a dispute.

Mention should also be made of the publication of the report of the commission on taxation, which proposes, among other things, that the present system of wage-related contributions be replaced by a 5% contribution based on total income (including income from capital).

Italy

227. The Law of 31 May 1982 made changes to the method of calculating wage-earners' pensions: since 1 July, the latter are calculated on the basis of average earnings over the last five years (instead of the best three of the last ten years), but the figures are adjusted in line with price rises, which is more advantageous than the previous arrangement. Moreover, the law lays down that in 1983 index adjustments will be made to pensions every quarter (instead of three times a year). The earnings ceiling will also be index-linked.

The Law of 10 May 1982 improves benefits for accidents at work, especially for the severely incapacitated and survivors (capital sum paid on decease), and introduces an annual adjustment (previously every three years). The law also provides for an increase in contributions and a four-day waiting period for the granting of temporary benefits.

The government continued its policy of financing a share of employers' social security contributions from general taxation by means of temporary measures in a number of sectors: e.g. industry, manufacturing and mining, crafts, certain services connected with exports or tourism, etc. At the same time, it increased the insured persons' contribution (both wage-earners and the self-employed) to health care costs and introduced a contribution of 15% towards the cost of laboratory tests and X-rays. It was expected that yet other measures would be adopted in the attempt to limit health care expenditure.

Finally, the government is planning to change the rules on benefits for short-time working, reducing the amount of benefit by 10% after the 25th month and by a further 10% for each quarter after the 27th month. Stricter rules will apply to the granting of the minimum pension and automatic indexation. In the meantime, a reform of the entire pension system is being studied, and decisions will have to be taken to resolve the serious financial problems affecting this sector of social security.

Luxembourg

228. The monthly allowance for families with a least three children has been increased by LFR 200 (index 100), to be financed by the State along with the increase in the cost-of-living supplement paid to certain pensioners.

It was decided, with a view to preserving jobs and maintaining the competitiveness of the economy, to limit the impact of cost-of-living adjustments to wages and salaries and social security benefits: under a law of 8 April, therefore, only two index-linked increases were granted, on 1 September and 1 December respec-

tively. However, provision was made for certain exceptions to minimize the effects of this measure, in particular for recipients of unemployment benefits and with respect to family allowances, birth grants and special allowances for the severely handicapped. Pensioners were granted a lump-sum of LFR 5 600 at the end of the year, subject to certain conditions.

An important draft law on pension reform was put before parliament. The aim is to combine the existing contributory schemes in a single system while leaving the funds their administrative autonomy and extending protection to categories of persons not yet covered. Other innovations envisaged concern the method of calculating pensions, the introduction of a two-level compensation system for invalidity, the redefinition of the role of the survivors' pension, the regulation of pension rights in the event of divorce, etc. Two-thirds of the required financing will be drawn from contributions (from insured persons and, if need be, employers) and one-third from government subsidies.

Finally, it may be noted that early retirement provisions for employees in the iron and steel industry have been extended until the end of 1983.

The Netherlands

229. Various attempts have been made by the government to check the growth in social security expenditure. Apart from the unsuccessful projects (restrictions on sickness benefits, reduction in family allowances, non-indexation of certain benefits above a given average level), the following should be mentioned:

- (i) index-linked adjustment of social security benefits on 1 July limited to 2.46% (instead of 4.46% according to the normal machinery);
- (ii) review of medical fees;
- (iii) increase on 1 July of 2.8% in invalidity insurance contributions and 1% in unemployment cover (mainly affecting workers' contributions);
- (iv) review, on 1 October, of the list of pharmaceutical products qualifying for reimbursement from the sickness insurance fund.

Other measures relate to the priority accorded to the parent caring for the child in granting family allowances (generally the mother, unless the parents agree otherwise), and the correction of certain anomalies noted in connection with the extension of the qualifying period for unemployment benefit. A lump-sum allowance designed to compensate for loss of purchasing power will also be made to persons whose income is below the statutory minimum.

The government proposed a reform of the family allowances system which would take account of the child's age but would also involve some reduction in overall expenditure in this sector. Two discussion papers were also drafted. The first deals with proposals for the maintenance of rights under occupational pension schemes (complementary) for those leaving such schemes prematurely. The second document puts forward several alternatives for reforming the overall social security structures: two approaches have been outlined, one with the accent on compensation for loss of earnings and the other with the emphasis on the provision of a guaranteed minimum income.

United Kingdom

230. Social security contribution rates were increased from 1 April 1982 (e.g. by 1% for employed persons), along with the upper and lower earnings limits for this class of contribution. Employers' contributions were not affected; on the contrary, the employers' national insurance surcharge was reduced from 3.5% to 2%. At the same time, the Treasury Supplement to national insurance was reduced from 14.5% to 13%. The corresponding social security benefits were raised by 11% from November and child benefit (now to be paid monthly) increased from UKL 5.25 to UKL 5.85 per week. It should be added that these payments, which normally continued until the end of the school holiday following the end of the term in which the child's education ceased, have been stopped as from the date on which the young person obtains work.

The regulations regarding unemployment insurance (abolition of the obligation to report in regularly, possibility of doing a certain amount of work) and sickness and invalidity benefit (in the case of renal dialysis) have been eased. From June, declarations of incapacity for work for periods of less than 8 days no longer need to be certified by a doctor and have been replaced by self-certification. Occupational asthma has been recognized as an industrial disease.

The most important change—an Act of 28 June—concerns benefit payable for the first eight weeks of incapacity for work (sickness), which will no longer be covered by national insurance but paid directly by the employer, with effect from April 1983. Providing certain conditions are satisfied, this benefit will take the form of at least a minimum flat-rate allowance (between UKL 25 and UKL 37 per week, depending on previous earnings level without regard to family situation). The employer will be able to deduct these payments from his own social security contributions. Provision is made for derogations in the case of small firms.

It should also be noted that from October, social security benefits may be paid into a bank account and administrative facilities have been set up to provide

information for insured persons and deal with applications for benefit. More generally, the government's intention is to make greater use of data-processing techniques. A discussion document along these lines has been published which stresses the advantages of this system: better provision of information for insured persons and better service, combined with administrative economy.

A reform of industrial injury insurance is under examination.

Chapter X

Safety, hygiene and health protection at work

Trends within the Community

231. Once again, a large part of the legislation on safety and health at work passed by the Member States has involved bringing existing safety provisions into line with the latest advances in science and technology. As stressed here many times before, this is essential in order to take account of the constant developments in production processes, the introduction of new and technically complex machinery and equipment, the use of new materials—the harmful effects of which often go unrecognized at first—and the consequent ever-changing situation as regards hazards at work.

Particular attention has been paid to plant which is subject to surveillance, including pressure vessels, hoists, electrical plant and plant for the storage or transport of dangerous liquids. Measures have been concentrated not only on revising technical specifications but also on improving monitoring and licensing methods and inspection standards. The same applies to general machine safety. Many countries are clearly taking steps to make more and more types of dangerous machinery or equipment subject to type-approval based on technical inspection, or to extend this system to other sectors such as agriculture. Particular importance is attached to the selection of suitable inspection offices. Given that these are expected to ensure effective protection and that their work also has economic repercussions, they must be staffed by skilled technicians and properly equipped with the necessary plant and materials.

Safety and surveillance measures in relation to the handling of dangerous substances have naturally also played an important role, as they have done for years. The Member States have devoted considerable efforts to aligning their national laws and regulations with the Community provisions in this field.

Development of the situation in the member countries

Belgium

232. A Royal Decree of 2 September 1981 amended the regulations on electrical installations contained in the general industrial safety code and made them applicable to undertakings which, under the general regulations, are classified as dangerous, insanitary or polluting. The new, very comprehensive regulations apply to new installations and to existing installations which are extended or significantly modified. The old provisions continue to apply to electrical installations not covered by the new regulations.

A Royal Decree of 25 May 1982 specifies the fees to be paid for the tests stipulated by the regulations on ionizing radiation. A Royal Decree of 2 June 1982 revised the requirements to be met by the heads of testing organizations and, in so doing, widened the scope for recognizing organizations of this kind.

Work continued on reforms in the areas listed in the 1981 Report.¹

Denmark

233. A Ministry of Labour Decree of 11 March 1982 relating to agriculture, forestry and horticulture allows agricultural tractors with front loaders to be driven without a special driving licence; this constitutes an exception to the provisions governing the requirements to be met by drivers of fork-lift trucks.

An Order of 16 April 1982 concerns the use of safety shoes in the iron and steel industry. The criterion for its application is the type of undertaking in which the employee works and not the type of work which he performs.

At present, about 50 draft regulations on widely differing aspects of health and safety at work are being prepared.

During the year under review, safety campaigns were carried out to improve safety and health protection in the following areas: laboratories for pathological and histological examinations; occupational health services; the risk of falls in building work; screen printing.

¹ Social Report 1981, point 210.

Federal Republic of Germany

234. The ministerial draft of a bill on health and safety has been in public circulation since December 1981 and is the subject of wide-ranging discussions. It is intended that the resulting Act should combine, unify, update and extend existing legal provisions, the aim being to ensure that measures to safeguard the human dignity of workers and avoid accidents and disease at work (including safety and health protection measures and ergonomic work-place design) are an integral part of employment contracts. It will no doubt be some time before the above discussions are completed.

ILO Agreement No 152 on occupational health and safety measures in dock work was ratified in an Act dated 21 July 1982.

The existing safety regulations were considerably extended and modified by the technical committees responsible for individual specialist areas, whose decisions are published by the Federal Minister for Labour and Social Affairs. As regards installations requiring supervision, the technical regulations for pressure containers (19 January 1982) and steam boilers (26 January, 18 March and 8 June 1982) were extended and revised; their most important provisions concern the oil- and gas-firing of steam boilers. In addition, a Directive on connecting lines designed to carry dangerous fluids (11 June 1982) was issued, together with technical regulations on pressure gases (11 June and 9 July 1982) which, *inter alia*, cover the filling of pressure gas containers manufactured abroad or intended for export. The first Order amending the Order on flammable fluids (3 May 1982) relates to airfield refuelling facilities. In addition, the existing technical regulations on flammable fluids were also modified and—by means of new regulations and directives—extended (19 April 1982). Other modifications were made to the technical regulations on high-pressure gas pipelines (22 June and 10 September 1982) and on installations where acetylene is present and calcium carbide is stored (30 September 1982).

New recommended levels for dangerous working substances have been incorporated into the regulations governing these substances (10 May 1982). The 1982 MAK values were published on 14 September 1982.

Mention should also be made of the new list of testing stations published in January 1982. This forms part of the General Administrative Regulation relating to the Act on the safety of appliances and, in addition to specifying the tasks of the individual stations, also lists the safety markings which the latter use.

Greece

235. During the year under review, no significant new regulations were issued on health and safety at work.

Numerous draft regulations were prepared. One regulation will assign responsibility for measures aimed at protecting employees and other persons at the workplace to the person or organization in charge of the work, specifying their duties in this field. It is also planned to introduce safety regulations for the building industry (dealing particularly with scaffolding and lifting gear, personal protective equipment and first aid); this will prepare the way for ratifying ILO Convention No 62 concerning safety provisions in the building industry. In addition, health and safety regulations are to be issued which lay down, in particular, structural, lighting and ventilation requirements as well as noise exposure limits at certain workplaces. Finally, it is planned to make certain safety measures compulsory for shipbuilding and ship repair work, especially for work which takes place in confined spaces, or under dangerous environmental conditions, or involves easily inflammable or radioactive materials, and for work carried out in ships' tanks.

Regulations are being prepared on the protection of employees against chemical, physical and biological hazards at the workplace, and on the setting up of health and safety services in undertakings.

France

236. The Decrees of 20 and 21 January 1982 concern official recognition of persons and bodies responsible for noise monitoring, the monitoring of carbon monoxide and benzene levels in the atmosphere at workplaces, and the inspection of electrical installations.

A Decree issued on 16 February 1982 lays down safety measures to be taken against electrical hazards arising during the construction, operation and maintenance of electric power distribution installations.

A Decree issued by the Minister of Labour on 12 March 1982 specifies the offices responsible for carrying out the technical tests on particularly dangerous machinery (listed in the Decree of 15 April 1981¹) which are required before the machinery can be officially approved. It also specifies the information to be provided by the person applying for official approval. A Decree of 23 March 1982 lists the offices responsible for testing lifting equipment other than lifts

¹ Social Report 1981, point 214.

and building-site hoists; a Decree issued on 11 May 1982 extends its provisions also to agriculture.

Under a Decree of 31 March 1982, the general health and safety regulations for dangerous machinery and appliances¹ were extended to include portable hand-operated machinery and appliances. Exceptions for certain less dangerous appliances are laid down in a Decree of 29 June 1982.

As regards the agricultural sector, a Decree of 8 March 1982 lays down the conditions attached to the approval of electrical installations in agricultural undertakings and specifies which offices are authorized to test these installations. The Decree of 11 May 1982 contains provisions on the setting up, restructuring, organization, financing and tasks of occupational health services in agricultural undertakings and lists those agricultural undertakings for which special medical surveillance is required.

A Decree of 28 May 1982 contains new regulations governing health, safety and preventive health measures in public undertakings. It lays down detailed health and safety requirements and specifies how these are to be met; it also contains provisions on training in the area, medical surveillance, and health and safety services.

Ireland

237. The remaining provisions of the Safety in Industry Act,² the phasing into operation of which began on 1 March 1981,³ will enter into force on 1 January 1983 as a result of an Order made on 30 July 1982. The Safety in Industry (Abrasive Wheels) Regulations 1982, which came into force on 1 June 1982, prescribe the measures to be taken to protect the safety and health of persons engaged in grinding or cutting with abrasive wheels.

The European Communities (Dangerous Substances) (Classification, Packaging, Labelling and Notification) Regulations 1982, give effect to Council Directive 79/831/EEC of 18 September 1979 and establish a notification scheme for new dangerous substances before they are placed on the market. They require each manufacturer, importer or other person proposing to place a new chemical substance on the market for the first time to submit to the competent national authority a notification containing details of tests to which the substance has been subjected and the proposed classification and labelling of the substance.

¹ Social Report 1980, point 225.

² Social Report 1980, point 226.

³ Social Report 1981, point 215.

Draft regulations will shortly be published on safety training in mines. In addition, the preparatory work on regulations mentioned in the last Report¹ has continued. New regulations are being drafted on dangerous substances. This work involves a review and extension of the list of dangerous substances, and also covers the loading, unloading and storage of the substances as well as the loading, unloading, storage and conveyance by road of liquified petroleum gas. A system of marking and labelling of tank vehicles carrying petroleum Class I and II based on 'HAZCHEM' system has been approved for the purposes of the Dangerous Substances (Conveyance of Petroleum by Road) Regulations, 1979.

The Commission of Inquiry on Safety, Health and Welfare¹ at work will present its report in 1983.

Italy

238. The purpose of Circular No 13/82 on safety devices against falls, the construction and assembly of prefabricated steel and reinforced concrete units and the operation of dismountable rotary-tower cranes is to prevent accidents in construction work and in particular to prevent falls. It details the minimum technical requirements concerning the use of safety belts and safety nets and regulates in general the problems of accident prevention in the handling of prefabricated units.

Circular No 38/82 regulates accident prevention in respect of work carried out in the vicinity of overhead electric power lines.

Circular No 30/82, issued pursuant to the Ministerial Decree of 23 March 1982, recognizes the effectiveness of new safety systems for mobile elevating platforms and sets out the requirements for the manufacture, use, approval and testing of these platforms. The new rules constitute an alternative to the existing provisions and are equally effective from the safety point of view; thus the manufacturer is free to apply either the old or the new safety system.

Circular No 76/82 contains technical requirements for machinery in the baking and confectionery trade. It supplements existing legal provisions by laying down safety criteria and by providing for the incorporation of safety devices with a view to controlling the hazards involved in operating this machinery.

A draft law on the prevention of accidents in the postal and telecommunications services has been finalized.

¹ Social Report 1981, point 215.

Luxembourg

239. Certain annexes to the Act of 14 March 1979 on the classification, packaging and labelling of dangerous substances¹ were amended by the Grand Ducal Regulation of 9 April 1982 which incorporated the provisions of Directive 79/370/EEC in national law.

The Act of 22 July 1982 on health protection for employees exposed to vinyl-chloride monomer incorporates Directive 78/610/EEC. Its provisions indicate the protective measures to be taken: the establishment of limit values for vinyl-chloride monomer concentrations in the air in the working environment; the establishment of measurement methods, the introduction of measures to ensure that a check is kept on concentrations, suitable instruction for employees on the dangers to which they are exposed and on appropriate protective measures, the keeping of records on the type and duration of each employee's work and the exposure it involves, and regular medical surveillance.

Directives 77/576/EEC and 79/640/EEC on safety signs at the workplace have been incorporated in national law under chapter 6 of the accident prevention provisions of the accident insurance association—industrial section; the provisions were adopted on 2 March 1982 by the general meeting and passed by the government on 26 May 1982.

The accident insurance association—which is also drawing up further accident prevention provisions—has set up its own occupational medical service.

The Netherlands

240. Regulations specifying the first category of installations for which, owing to the production processes which take place there, a safety report is to be prepared and periodically updated² came into force on 1 February 1982, in accordance with the Royal Decree of 30 December 1981. Regulations concerning safety tests for certain types of mobile lifting equipment came into force on 1 May 1982, as a result of the Royal Decree of 26 February 1982; the tests will be carried out by the Dutch institute, 'Keboma'. Finally, on 1 October 1982, a number of safety regulations concerning inland navigation came into force as a result of the Royal Decree of 27 April 1982.

With two Royal Decrees of 21 January 1982 and a Ministerial Decree of 25 June 1982, the EEC Directive on safety signs at the workplace was incorporated into

¹ Social Report 1979, point 222.

² Social Report 1981, point 218.

national legislation. The EEC Directive on vinyl-chloride monomer was similarly incorporated as a result of a Royal Decree of 3 June 1982 and a Ministerial Decree of 22 July 1982.

The first part of the Working Conditions Act¹ will come into force on 1 January 1983. It covers, firstly, work management and the duties places on employers and workers to cooperate with one another and, secondly, safety and health protection at the workplace, orders given by the labour inspectorate for work to cease, cases where employees stop work because of imminent danger, and the establishment of an Industrial Council to continue the work of the existing Provisional Industrial Council.²

The Economic and Social Council has been asked for its opinion on the following projects: safety regulations for employees in offices, on commercial premises, in warehouses, hospitals and old people's homes; an extension of the duty to provide information on new dangerous substances which are brought onto the market; improvements to the regulations governing facilities for preventive medicine at the workplace.

The Provisional Industrial Council is drafting an opinion on the requirements to be met by crane drivers and pile driver operators; its subcommittee on occupational health is examining the possibility of making medical examinations compulsory for all Dutch workers.

In order to promote theoretical and practical teaching on preventive medicine within undertakings, it is planned to create a second post for an associate professor. In addition, arrangements have been made for a pilot study to examine, at regional level, areas where noise control is deficient and ways in which it can be improved.

United Kingdom

241. 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. The Commission Industry Advisory Committee for education services is now fully operational, and it is expected that a new Industry Advisory Committee for the rubber industry will start work in 1983.

No new primary legislation has been introduced in the field of health and safety at work during the year.

¹ Social Report 1981, point 218.

² Social Report 1980, point 229.

The Health and Safety Commission's plan of work for 1981-82 was approved by the Secretary of State last year. Consultative documents made available included proposals to implement a series of Directives dealing with the classification, packaging and labelling of dangerous substances; for the more effective protection of persons required to undertake manual handling operations at work; for a revised approach to keeping a limited quantity of petroleum spirit in plastic containers; and for an approved code of practice to give practical guidance on the operational provisions of the Dangerous Substances (Conveyance by Road in Road Tankers and Tank Containers) Regulations 1981. In addition, discussion documents were published on the minimum age at which children may drive or ride on agricultural machinery; on the present and future use of published standards in the regulation of health and safety at work; on the implications of ratifying ILO Convention 155 and on the acceptance of Recommendation 164 which deals with occupational safety and health.

Regulations which came into force during the year included the Dangerous Substances (Containers) Regulations 1981, which continue and extend earlier provisions for the construction, examination, testing, labelling and operation of road tankers and tank containers; the Health and Safety (First-Aid) Regulations 1981, which introduce comprehensive requirements for the provision of first aid at places at work; and the Petroleum-Spirit (Plastic Containers) Regulations 1982. Approved codes of practice giving practical guidance on various aspects of each of these sets of Regulations were also introduced.

Chapter XI

Health protection

Radiation protection legislation

242. The Member States have, in the course of this year, introduced or continued the procedure for the application of the Council Directive of 15 July 1980 (No 80/836/Euratom) with the revised basic standards for the protection of the population and workers against the risks of ionizing radiation.¹

Following the conference held on 4 and 5 June 1981 in Luxembourg, the Commission drew the attention of the Member States in its letter of 5 May 1982 to the deadlines of 30 months or 4 years laid down in the Directive with a view to ensuring the precise application of the Directive and Article 33 of the Euratom Treaty.

The following regulations, which for the most part consist of implementing or supplementary provisions in connection with the basic legislation on radiation protection, were introduced in the Member States in 1982:

Denmark

Notification of 10 March 1982 on the use of radiological equipment (*Lovtidende A* 1982, No 94, p. 200).

Federal Republic of Germany

Ordinance of 31 March 1982 amending the procedural regulation on nuclear legislation (BGBl., 1982-I, p. 409).

1. OJ L 246, 17.9.1980.

France

Ministerial order of 27 April 1982 on the characteristics of particle accelerators as basic nuclear facilities (JO of 19.5.1982, No 116, p. 4763).

Circular of 23 June 1982 on the application, in France, of the basic European Atomic Energy Community standards (JO of 1.6.1982, No 151, p. 6227).

Orders of 18 May 1982 issued by the Ministry of the Environment on the approval of radioactive materials in the form of special sealed sources (JO of 1.7.1982, No 151, p. 6231).

Italy

Circular of 26 March 1982—Regulations governing the air transport of radioactive and fissile materials (*Gazzetta Ufficiale* of 12 June 1982, No 160, Supplement).

The Netherlands

Circular of 17 February 1982/EB/82/U 161 giving instructions for action in the case of accidents involving radioactive substances (Ndl. Stcrt. 22.3.1982, No 56, p. 6).

Measuring techniques in radiation protection

243. In *Belgium*, steps were taken to bring into operation a government department dealing with protection against ionizing radiation.

In the *Federal Republic of Germany*, a directive was issued on the professional qualifications of radiation protection personnel. An order introducing the Sievert as a radiation protection measuring unit was enacted and several standards relating to measuring devices were published.

In *Luxembourg*, many facilities for monitoring both radioactivity within Luxembourg itself and workers' exposure to radiation were installed.

In the *Netherlands*, thermoluminescent dosimeters are going to replace film dosimeters.

In the *United Kingdom*, the National Radiological Protection Board has issued a recommendation on the optimization of doses received by the public. Studies of natural radiation levels in homes are being carried out.

The results of an intercomparison programme for radiation protection dosimeters, the aim of which was to improve the quality and reliability of dose measurements, were assessed at a seminar held at the Rijksinstituut voor de

Volksgezondheid (National Institute of Public Health) in Bilthoven (Netherlands), attended by representatives from dosimetry services in all the Member States and in Switzerland.

Monitoring of environmental radioactivity

244. The results of the analyses of environmental radioactivity in the Member States, which are sent to the Commission in accordance with Article 36 of the Euratom Treaty, show that gross beta activity and the levels of Strontium-90, Cesium-137, Plutonium-238 and Plutonium-239 rose slightly during 1981.

This increase, due to the most recent nuclear test carried out in the Far East on 16 October 1980, nevertheless represents only about 2-3% of the total activity measured in 1963-64. In other words, the 1981 levels were far below the intake limits for members of the public laid down by the latest Euratom basic safety standards, adopted by the Council on 15 July 1980.

During the first few months of 1982, there was a decrease in measured radioactivity in all the Member States. As in previous years, most of the samples measured consisted of air, water and milk, the latter being considered as highly representative of individual's diets.

The results of measurements made in air, water and milk in the Member States are covered by a single report for 1981.¹

Measurements of natural radiation and particularly of radon in homes, were carried out in the *Federal Republic of Germany, Italy, the Netherlands and the United Kingdom.*

Health education

245. There is an increasing tendency in the Member States to incorporate health education programmes into general school education. Particular efforts have been made in the following fields:

I — Smoking

246. Two Commission studies on this subject. 'Facts and figures on the development of smoking in Community Member States (1960-80)' (EUR 7907,

¹ EUR 8308: *Results of environmental radioactivity measurements in the Member States of the European Community for air-deposition-water-milk, 1981* (Commission of the European Communities).

DE—Medicine) and 'Analysis of present or projected policy on the anti-smoking campaign in the European Community countries' (EUR 8031, FR—Medicine), provide details of the present situation, the policies implemented in the Member States and the specific problems associated with them.

On the whole, despite a general conviction that success is absolutely dependent on constant and repeated action the effects of which will only materialize in the long term, there have been encouraging developments. In many places special attention has been given to advertising. Television advertising is now prohibited.

In *Denmark*, two laws dated 9 June 1982 and 1 July 1982 included new provisions aimed at reducing tobacco consumption. These provisions mainly concern increases in retail prices.

In the *Federal Republic of Germany*, special clinics have been set up to help people to give up smoking. Substantial price increases have also been decided on.

In *Greece*, the ministerial decisions of 19 April 1979 and 25 April 1980 provide for smoking to be prohibited in State and private hospitals and indoor public places in general.

In *France*, medical advice on smoking has been available in Paris, the Greater Paris area and the provinces since 1980. They are a source of substantial psychological support for persons who wish to stop smoking. It is too early to draw reliable conclusions about the effectiveness of these consultations.

In the second half of 1982 it was decided to increase all cigarette prices by about 20% (anti-smoking stamp).

In *Ireland*, an anti-smoking campaign has been conducted by the Health Education Bureau to discourage smoking in public places. The results of this campaign, which started in March 1981, are not yet available.

In *Italy*, a campaign in schools aimed at minors 11-14 years old has been going on for three years; the teaching material and documentation required have been made available to schools.

In the *Netherlands*, the decree of 29 April 1981 issued by the Ministry of Public Health and Environmental Hygiene requires cigarette packets to carry a warning that 'Smoking is bad for the health', together with the nicotine and tar levels.

In the *United Kingdom*, physicians' associations were the first to organize anti-smoking campaigns. Following on from this, surveys of the population as a

whole have shown that the public is in favour of stricter measures—such as the banning of smoking in restaurants and other public places.

These measures would appear to be essential because the *United Kingdom* is the Community country in which smoking takes the heaviest toll (in terms of loss of life and expenditure).

However, steps taken to encourage smokers to switch to cigarettes with low nicotine and tar levels are beginning to have an effect.

II — Medicines

247. Most of the Member States have undertaken measures to encourage the correct use of medicaments, the aims—whether explicit or implied—being to improve public health and/or reduce expenditure on health, on a more or less long-term basis.

In *Denmark* the authorities regard physicians and not consumers as responsible for abuse of medicines. As a result, present policies are concerned with regulations rather than health-education campaigns. Such campaigns are organized mainly by the Association of Pharmaceutical Producers (DAK).

In the majority of the member countries, specific programmes cover health education campaigns relating to the proper use of medicines. This applies for example to *Ireland*, *Luxembourg* and the *United Kingdom*. In some countries, such as the *Federal Republic of Germany*, *France* and the *Netherlands*, the problems of abuse of medicines form part of more general health education programmes.

Some member countries, such as *France*, *Ireland* and the *United Kingdom*, have decided to start with information aimed at the general public. Other, such as *Belgium*, the *Federal Republic of Germany* and *Luxembourg*, are more concerned with informing young people through their teachers.

In countries where consumption is high—mainly the Latin countries—attention is concentrated on the potential risks of unsupervised self-medication, rather than on learning how to use medicines properly.

Very few campaigns have included an assessment of changes in the attitudes and behaviour of individuals towards medication.

However, the results of two campaigns:

‘A better use of medicines’ in *Ireland*, and

‘Follow the medicine code’, in the *United Kingdom*, are significant.

Although incomplete, they show that a public information campaign on the proper use of medicines can influence the relationship between doctors and patients.

Health problems in specific population groups

I — The elderly

248. At the United Nation' World Assembly on Ageing in Vienna in July/August 1982, the Member States drew up national reports which can be regarded as basic references.

In *Belgium* the authorities have had a general welfare policy for some decades. Measures on behalf of the elderly have formed part of a general social policy, recourse being also had to the services of voluntary bodies whose independent structures have to a large extent been institutionalized.

A special feature of the situation in *Denmark* is that services for the elderly, both medical and social services, within and outside of institutions, are almost totally financed from public taxes and administered by the local municipal authorities. Home care services and institutional care are available to the whole population. It is estimated that about 7-8% of the elderly population suffer from chronic illnesses or handicaps to a degree which requires professional institutional care and medical surveillance.

In the *Federal Republic of Germany*, the Federal Ministry of Youth, Family and Health who commissioned the German Centre of Gerontology with the compilation of a report on the situation of the elderly in the Federal Republic of Germany, regards as the purpose of its relevant policies to preclude or remedy misdevelopments and social difficulties or dangers for the elderly.

In *Greece* the government included the protection of the third age in its targets and its already applied programmes and channelled the realizations of the programmes and of all relevant activities through the newly established centres of open care.

In *France* a 'special cabinet in charge of the elderly' has been created in May 1981. The secretary for the elderly coordinates the planning budgeting and financing for all the policies involving the retired and aged: income, services (and in particular health care), housing, institutions.

In *Ireland* it is believed since 1965, when an inter-departmental committee was established to examine and report on the general problem of the care of the elderly, that it is much better to help the aged to live in the community than to provide for them in hospitals or in other institutions. Efforts have been made in most sectors and as a new approach to retirement it is now widely accepted that preparation for retirement should commence at least 10 years before retirement.

Within its National Health Plan for the years 1982 to 1984, *Italy* has developed a detailed programme concerning the health of the elderly. One of its objectives is that the elderly persons should stay as far as possible in their homes, thereby keeping their family ties intact as well as their social relationships in the widest sense, and ensuring the integrity of their personal status and their role in society.

In 1981, following a comprehensive review of the issues involved in formulating policies for the elderly, the *United Kingdom* Government published a major policy document, 'Growing older', whose objective was to lead to a better understanding of ageing and of the problems and opportunities it involves for the community. The stated main aim of all government policy in the *United Kingdom* in relation to elderly people is to enable them to lead full and independent lives in the community to the greatest possible extent.

II — Migrant workers

249. All the Member States, and particularly those with a high proportion of migrant workers, have found it necessary to make special efforts to provide health education for migrant workers and their families. The countries particularly concerned are *Belgium*, the *Federal Republic of Germany*, *France* and the *United Kingdom*.

These Member States also feel that special attention should be given to maternity and child care and the psychopathological problems of the second generation.

On 2 July 1982, the Commission organized the first meeting for experts from the Member States to pinpoint the health problems resulting from the large and increasing number of migrant workers in the countries of the European Community.

It became clear that, for information to reach its target, a dialogue had to be established and this involved preparatory work on both the linguistic side and in making appropriate arrangements for receiving migrants.

Mutual health assistance

250. With the help of experts from the Member States, the Commission published a report entitled 'Mutual health assistance measures to be applied in the event of disasters or particularly serious accidents or diseases' (EUR 8271, EN/FR—Medicine).

The report gives details of bilateral or multilateral assistance agreements concluded by the governments of the Member States. It also provides a list of health facilities which can be used in such circumstances and describes existing administrative structures.

In many Member States of the European Community, particularly the *Federal Republic of Germany*, emergency and disaster medicine is regarded as a separate discipline requiring in-depth training.

France has a railway carriage with essential facilities for the kind of accidents which may occur in the region of a nuclear plant (decontamination, analysis laboratories, etc.).

In *Italy*, the government of the Marche region held a seminar in Ancona on 9 and 10 September 1982 on health facilities in the event of a natural disaster. The Commission and the WHO were invited to this seminar to outline their objectives and report on information available on the subject.

Summary of contents

GENERAL AND POLITICAL INTRODUCTION	5
Development of an employment promotion strategy	8
Reform of the European Social Fund	18
Social security problems	20
Measures to safeguard health and safety at work	21
The 'social dialogue' and the outlook for future action	23
SOCIAL DEVELOPMENTS IN 1982	27
Chapter I — Employment	29
<i>Trends within the Community</i>	29
<i>Development of the situation in the member countries</i>	33
Belgium	33
Denmark	35
Federal Republic of Germany	36
Greece	39
France	40
Ireland	42
Italy	43
Luxembourg	44
The Netherlands	46
United Kingdom	48
Chapter II — Vocational guidance and training	51
<i>Trends within the Community</i>	51
<i>Development of the situation in the member countries</i>	53
Belgium	53
Denmark	54
Federal Republic of Germany	55
Greece	57
France	59
Ireland	60
Italy	61
Luxembourg	62
The Netherlands	63
United Kingdom	64
Chapter III — Industrial relations	67
<i>Trends within the Community</i>	67
<i>Development of the situation in the member countries</i>	70
Employee representation	79

Chapter IV — Working conditions and labour law	81
<i>Trends within the Community</i>	81
Working conditions	81
Labour law	81
<i>Development of the situation in the member countries</i>	82
Working conditions	82
Labour law	86
Chapter V — Wages, incomes and asset formation	93
<i>Trends within the Community</i>	93
<i>Development of the situation in the member countries</i>	95
Belgium	95
Denmark	97
Federal Republic of Germany	97
Greece	99
France	100
Ireland	101
Italy	102
Luxembourg	103
The Netherlands	104
United Kingdom	105
Chapter VI — Housing	107
<i>Trends within the Community</i>	107
<i>Development of the situation in the member countries</i>	108
Housing requirements, building programmes, dwellings completed ¹	110
Building costs	110
Rents	110
Reconstruction and modernization	111
Town and country planning	115
Chapter VII — Family affairs	117
<i>Trends within the Community</i>	117
<i>Development of the situation in the member countries</i>	118
Belgium	118
Denmark	118
Federal Republic of Germany	119
Greece	121
France	121
Ireland	122
Italy	123
Luxembourg	123
The Netherlands	124
United Kingdom	125
Chapter VIII — Social aid and welfare services	127
<i>Trends within the Community</i>	127
<i>Development of the situation in the member countries</i>	128

¹ See table, pp. 112 and 113.

Belgium	128
Denmark	128
Federal Republic of Germany	129
Greece	130
France	130
Ireland	131
Italy	131
Luxembourg	132
The Netherlands	132
United Kingdom	133
Chapter IX — Social security	135
<i>Trends within the Community</i>	135
<i>Development of the situation in the member countries</i>	137
Belgium	137
Denmark	138
Federal Republic of Germany	139
Greece	140
France	140
Ireland	141
Italy	142
Luxembourg	142
The Netherlands	143
United Kingdom	144
Chapter X — Safety, hygiene and health protection at work	147
<i>Trends within the Community</i>	147
<i>Development of the situation in the member countries</i>	148
Belgium	148
Denmark	148
Federal Republic of Germany	149
Greece	150
France	150
Ireland	151
Italy	152
Luxembourg	153
The Netherlands	153
United Kingdom	154
Chapter XI — Health protection	157
Radiation protection legislation	157
Measuring techniques in radiation protection	158
Monitoring of environmental radioactivity	159
Health education	159
I — Smoking	159
II — Medicines	161
Health problems in specific population groups	162
I — The elderly	162
II — Migrant workers	163
Mutual health assistance	164

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Every year the Commission publishes its annual Social Report, which gives an outline of the main developments in the social field which have taken place in the countries of the European Community during the past year.

The introduction, which has a general and political character, provides a summary of the Community's main activities in the social field in 1982 and outlines the prospects for the near future.

This is followed by 11 chapters which constitute the main substance of the Social Report. Each chapter is divided into two sections: the first, which is of a political nature, sets out the trends within the Community as a whole, whilst the second, which is of a descriptive nature, outlines developments in the individual Member States during 1982.

Greece, which became the tenth member of the Community on 1 January 1981, is included.

A study reviewing the 'Evolution of social policy in Greece, 1970-80' (V/284/80-ADD) is available in English and French from Mr J. Boursin, the official with special responsibility for the Social Report, (Off. ARC. - 1,6/15 (DG V)) Commission of the European Communities, rue de la Loi, 200, B - 1049 Brussels.