

EUROPEAN COAL AND STEEL COMMUNITY  
EUROPEAN ECONOMIC COMMUNITY  
EUROPEAN ATOMIC ENERGY COMMUNITY

COMMISSION

# Report on the Development of the Social Situation in the Community in 1974

(Addendum to the 'Eighth General Report  
on the Activities of the European Communities'  
in accordance with Article 122  
of the EEC Treaty)

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# Contents

A — Introduction	5
B — Outline of activities by the Commission of the European Communities in the social field in 1974	15
C — Development of the Social Situation in 1974	37
Chapter I — Employment (including migrant workers)	39
Chapter II — Vocational training	65
Chapter III — Industrial relations	80
Chapter IV — Working conditions and labour law	106
Chapter V — Wages and asset formation	120
Chapter VI — Housing	141
Chapter VII — Family affairs	152
Chapter VIII — Social services	164
Chapter IX — Social security	175
Chapter X — Industrial safety, medicine, and hygiene	191
Chapter XI — Protection of health and of the environment	203
D — The Development of the Social Situation in figures (with observations)	215
I — Population	218
II — Education and research	224
III — Employment	228
IV — Industrial relations and working conditions	237
V — Incomes—labour costs	245
VI — Standard of living	251
VII — Housing	254
VIII — Health	258
IX — Social protection	262
X — Social accounts	266
Index of Graph and Tables in the Text	271
Index of Key Words	273
Summary of contents	279

## A. Introduction

1. The general *economic and social situation of 1974* was characterized by increasing inflationary tendencies, rising unemployment in nearly all Member States and balance of payments difficulties in most of them. By the end of 1974, total unemployment in the countries of the European Communities had reached a peak of almost four million persons out of work, and consumer prices increased during the course of 1974 in some countries by nearly 20% and even more. This deterioration of the economic and social conditions, which to a certain extent has been aggravated by the new situation in the energy sector, has been felt particularly by certain industrial sectors and special groups of the total and the working populations.

The sectors mostly suffering from the slowing-down of demand and activity included the motor vehicle, textile, clothing and building industries, and among the categories of workers threatened by unemployment there was an increasing number of young and older workers, women and—by the end of the year—also migrant workers. The accelerated price increase, on the other hand, had a growing impact on the economically weaker groups of the population, and more especially the non-active people irrespective of their entitlement to social benefits, such as the unemployed, handicapped, sick, those suffering from employment injuries and occupational diseases, the retired and others, as well as workers with lower wages and salaries.

These difficulties underline the *need for strong and vigorous action in the social field* as foreseen in the Social Action Programme agreed by the Council at the end of 1973, for which 1974 was the first year of implementation.

2. This necessity has also been recognized at the *Summit meeting* of the *Heads of Government* of the nine Member States held in Paris on 9 and 10 December 1974, at which they declared that they 'reaffirm the importance which they attach to implementation of the measures listed in the Social Action Programme approved by the Council in its Resolution of 21 January 1974'. This declaration reflects the confidence of all Member States in the Social Action Programme, and in its potential in the war against rising unemployment and increasing prices with all the inevitable side-effects.

3. The various reforms envisaged by the *Social Action Programme* are to be realized *in stages* in the period from 1974 to 1976. During 1974 the Commission, together with the other Community institutions and the Economic and Social Committee, endeav-

oured to carry out the individual measures according to the timetable laid down in the abovementioned resolution.

Indeed, by the end of 1974 the Council had decided on seven of the nine proposals which had been submitted to it by the Commission before 1 April 1974. At the *Council meeting on 10 June 1974* the first three proposals were adopted concerning:

- (a) The two decisions and the regulation on action by the European Social Fund (Article 4) for migrant workers and for handicapped persons;
- (b) the resolution establishing the initial Community Action Programme for the vocational rehabilitation of handicapped persons;
- (c) the two decisions on the setting up of an Advisory Committee on Safety and Health Protection at work, and on the extension of the responsibilities of the Mines Safety and Health Commission to all mineral-extracting industries.

As a result of these decisions the progressive road to the attainment of a comprehensive social policy at Community level and of a strengthened Community solidarity amongst the Member States has been opened, and the means by which the road can be travelled have been indicated. The new possibilities, particularly for the Social Fund, have provoked immediate reaction, since they have enabled the Commission to carry out some worthwhile projects already during the 1974 financial year.

4. The *Council* agreed on a further four proposals of the Commission at its *meeting on 17 December 1974*:

- (d) The directive on the approximation of the laws of the Member States relating to the application of the principle of equal pay for men and women contained in Article 119 of the EEC Treaty;
- (e) the directive on the approximation of the laws of the Member States relating to mass dismissals;
- (f) the regulation establishing a European Centre for the Development of Vocational Training;
- (g) the regulation on the creation of a European Foundation for the Improvement of Working and Living Conditions.

The first two of these decisions are of special importance in that the Council by adopting them has accepted the *principle of setting minimum standards* in certain social fields by the *approximation of national legislations*. In fact, the first of the *two directives* agreed on by the Council intends to generalize minimum protection standards for women in respect of their right for equal pay, not only by laying down that discriminations still existing in laws or agreements and contracts have to be eliminated, and that the right to pursue equal pay for equal work cannot be frustrated by dismissal, but

also by providing that supervision of the application of this right has to be ensured by national law.

The second directive, on the other hand, is aimed at achieving greater security of employment of workers by providing that arbitrary mass dismissals cannot be undertaken without a system of prior consultation and notification that will go some to alleviating the consequences of dismissals.

5. The establishment of a *European Centre for the Development of Vocational Training* will expedite the progressive attainment of the principal objectives of a common vocational training policy, and in particular the approximation of training standards in the member countries. The creation of the Foundation, on the other hand, will stimulate not only more intensive study and concertation, but also more precise analyses and scientific research on all factors affecting the living and working environment. Both the European vocational training centre and the *Foundation for the Improvement of Working and Living Conditions* are extremely useful and necessary instruments for achieving some of the main objectives of the Treaties within the Community.

6. The remaining two proposals have not as yet been adopted by the Council. They are, however, already being discussed by the Council Committees, and it may be expected that a decision on them will be taken at one of the next meetings of the Council of Labour and Social Ministers that will take place in the course of 1975.

These two proposals concern:

- (h) a recommendation regarding the application of the principle of the 40-hour week and four weeks annual paid holidays;
- (i) a directive on approximation of the legislations of the Member States on the retention of the rights and advantages of employees in the case of mergers, take-overs and amalgamations.

The proposal for a *Council Recommendation* is aimed at achieving minimum standards for *working hours* (the 40-hour week by the end of 1975) and *annual paid holidays* (four weeks by the end of 1976) throughout the Community. It was subsequently examined by the European Parliament and the Economic and Social Committee. In the light of their contributions, an amended proposal has been submitted to the Council and awaits decision.

The draft *Directive on the approximation of national legislations on 'acquired rights' of the workers* will have far-reaching consequences on the labour law in some of the Member States. Therefore a very intensive procedure of consultation with the Community institutions and others has been an essential pre-requisite before the Council will take its decision.

7. In accordance with the priorities laid down in the Council Resolution concerning the Social Action Programme, the Commission drew up during 1974 a series of new proposals. These were achieved as a result of continuous consultations, which were both formal and informal. The deterioration of the labour market as mentioned above and increasing inflationary tendencies, both of which had a particular impact on the more vulnerable groups of the population, influenced considerably the attitude of the Commission when drafting the actions to be proposed.

The majority of this series of proposals will be submitted to the Council during the first quarter of 1975.

8. In the framework of the *first objective* of the Social Action Programme—'attaining full and better employment in the Community'—the main proposals which have been or are being prepared include:

- (a) The establishment of appropriate *consultations* between Member States on their *employment policies* and the promotion of better *cooperation* by national *employment services*.

The need for an improved system of consultation and cooperation between the governments and the employment services has been underlined by the development of the employment situation in the course of the year. It is for this reason that the Commission has already taken initial action by forming an *ad hoc* group of Directors-General for Employment in the Member States which has already met on several occasions to discuss the most urgent current problems concerning employment.

- (b) On 18 December 1974 the Commission adopted the *Action Programme in favour of migrant workers* and their families.

This Programme deals with all the crucial problems connected with migration, the living and working conditions as well as the social and educational problems of migrant workers and their families, both nationals and non-nationals of the Community. One of the main objectives of this programme is the progressive elimination of all existing discriminations against the migrants coming from third countries in living and working conditions, once they have been legally admitted to employment in the Community. To achieve this, the coordination of migration policies of Member States is urgently required.

Another objective of this programme is the granting of some civic and political rights to the migrants: it proposes that all migrants should have the right to participate in local elections, at the latest by 1980, in accordance with conditions still to be defined.

The Commission will, *in the course of 1975 and 1976*, propose to the Council quite a number of new activities in the various fields concerning the migrant



workers and their families (free movement and employment, social security, health, education and vocational training, social services, housing...). This action is now even more urgent, given the difficult economic circumstances of this present time. For this reason, the Commission feels it appropriate that the Community should endeavour to strengthen migrants' rights to equal treatment.

- (c) A *memorandum* on measures to achieve *equality between men and women at work*. This memorandum is a comprehensive examination of the whole range of areas where action is needed in order to improve the status of women at work. It covers employment, vocational guidance and training, working conditions, social security and social services.

Some of the conclusions drawn will need a longer term strategy for their completion. But as an immediate step, the memorandum is accompanied by a draft directive aimed at eliminating any existing discrimination of women in the legislation in the Member States as regards access to employment and vocational training, promotion and working conditions,

9. With regard to the *second objective 'Improvement of living and working conditions so as to make possible their harmonization while the improvement is being maintained'*, the Commission has prepared—in accordance with the priorities laid down by the Council in its Resolution—the following activities:

- (d) *Appropriate consultations between Member States on their social protection policies.*

The preparatory work has already been completed: a special working party of 18 highly qualified individual experts, nine of whom represent the national Governments, is to assist the Commission in developing a common long-term perspective and a coherent framework for the diverse Community measures being prepared in the field of social protection. In this context, attention is drawn to the statement made at the Paris Summit Conference on 9 and 10 December 1974, where the Heads of Government have made it 'their objective to harmonize the degree of social security afforded by the various Member States, while maintaining progress but without requiring that the social systems obtained in all Member States should be identical.'

- (e) *An initial programme on health and safety at work.*

The prevention of employment injuries and occupational diseases is another very important aspect of the 'quality of life'; the establishment of an initial programme on health and safety at work on the basis of and in collaboration with the Joint Committees and the Advisory Committee on Safety and Health set up by the Council decision of 10 June 1974, has been recognized therefore as a priority action. This programme will provide the basic framework for the preparation of specific activities to be carried out in stages.

- (f) A programme of *pilot schemes* and studies to combat poverty in the Community.

The purpose of this limited programme of pilot schemes is to develop clearer perceptions as to the causes of poverty and to encourage Member States themselves to develop new techniques to overcome severe deprivation where it exists.

- (g) Finally, a memorandum on '*humanization at work*' is to be submitted to the Council during 1975.

In order to facilitate the preparation of this memorandum, the Commission organized a conference of experts on 'Work organization, technological development and motivation of the Individual' in Brussels over the period 5 to 7 November 1974. Further discussions with the representatives of both sides of industry are still to take place before the initial proposal will be drafted. The memorandum will try to indicate steps that should be taken in order to offer to the workers greater job satisfaction and increased involvement in decision-making, both in private enterprises and in the public sector.

10. Although not included in the list of priority actions laid down in the Council Resolution, the Commission has communicated to the Council on 4 December 1974:

- (h) the first *European Social Budget*.

The main purpose of this Social Budget is to give a greater knowledge of the present trends in the Member States up to the end of 1975 in the development of expenditures (and the financing of them) for several sectors of social policy, and especially social security. As the forecasts from 1973 to 1975 have been made on the assumption of existing legislation and on the basis of the economic forecasts made before the energy crisis, the Commission has proposed to the Council to update the data used in this first Social Budget by taking into account new legal measures taken in the meantime as well as the profound economic and social changes caused by the new circumstances; at the same time the Budget should be extended to the year 1976.

11. The *Conference on future European Social Policy*, which was held in Brussels on 16 December 1974 and which was attended by the Ministers of Labour of the Member States of the Community, representatives of the Commission as well as those of workers' and employers' organizations, provided a new impetus towards the *third broad objective* of the Social Action Programme, namely to '*increase the involvement of management and labour in the economic and social decisions of the Community, and that of the workers in the operation of an enterprise*'.

- (i) One important conclusion reached was the unanimous decision to *reactivate the Standing Committee on Employment* as soon as possible in order to discuss the very urgent problems still to be solved in the field of employment.

This Committee, in fact, has not been convoked for more than two years. A first meeting of the enlarged Standing Committee of Employment for the Community of the Nine took place during February 1975; it had an intensive exchange of views regarding two Commission proposals for actions in the field of employment: the action programme in favour of migrant workers and the intervention of the European Social Fund in favour of industries strongly affected by the economic crisis.

- (j) At this Conference, moreover, both the employers' and the workers' representatives were encouraged to hold *joint sectoral meetings* so that they could coordinate their efforts in respect of problems arising in the various industrial branches.

The Commission, for its part, will shortly submit a communication to the Council concerning the convocation of such joint meetings particularly in those branches where the economic activity has declined.

12. It is emphasized that the Commission considers that the guidelines laid down in the Council Resolution of 21 January 1974 do not constitute a limit to the Community's activity in the social field and that the Commission always retains its right of initiative to make proposals as and when necessary. In the present situation, where serious employment problems affect certain regions, industries and categories of workers, it is proposed to use part of the resources available to the European Social Fund (Article 4) where the employment situation has been particularly affected by the present economic crisis. In the opinion of the Commission, this new measure should be sufficiently flexible to allow a continual adaptation of the affected industries to the changing situations.

13. By the beginning of 1975, the Commission had already formulated proposals to cover almost one half of the actions enumerated in the Social Action Programme. The renewed emphasis on social policy stressed at the latest Paris Summit Conference encouraged the Commission who will endeavour to elaborate concrete proposals for the majority of *actions still outstanding* during the course of 1975, with the aim of implementing the complete Social Action Programme before the end of 1976 and within the stipulated time-limit.

Those actions still to be covered include the fields of social security (extension of protection, 'dynamization' of social benefits), the employment problems of special groups of workers (young school-leavers, elderly persons), the social integration of the handicapped, incomes and asset formation, public health, housing as well as implementing proposals arising from the general programmes for migrant workers, for women at work, and for protection against radiation and of the environment.

14. In 1974 the social problems reached such dimensions that it has become more

than ever essential that all *Community policies* are directed to the achievement of the three main *social objectives* determined at the first Paris Summit Conference in 1972. The main targets of economic and monetary policy at national as well as Community level are therefore essentially the fight against inflation and rising unemployment. Furthermore, many social problems existing in the countries of the Community could be alleviated by a coordinated regional policy. The decisions of the Heads of Government at the latest Summit Conference to put the European Regional Development Fund into effect from 1 January 1975 were therefore warmly welcomed by the Commission.

15. The gradual and successful implementation of the Social Action Programme which is to continue throughout 1975 and 1976 is certainly a major step towards the establishment of a real *European Social Union*. Social problems evolve as a result of the ever-changing desires and demands of society, and it is necessary to consider the ment Fund into effect from 1 January 1975 were warmly welcomed by the Commission.

The Commission is already well aware that it is necessary to consider the important question of how the Community policy in the social field is to be developed after 1976. Initial reflections have already been made, further consultations are necessary. The Commission will submit to the other Community institutions the results of all these deliberations in good time in order to permit common discussions leading to decisions on the future European social policy.

**B. Outline of activities by  
the Commission of the  
European Communities  
in the social field in 1974**

### *General aspects*

16. The social year has been dominated by the preparation of a number of concrete proposals for submission to the Council in accordance with the timetable set out in the Social Action Programme adopted by the Council in its Resolution of 21 January 1974.

The Council took its first opportunity to take decisions on these proposals at a meeting of Social Ministers in June. It was decided to approve three proposals relating to the opening up of Article 4 of the Social Fund for handicapped workers and migrant workers; the establishment of a General Safety Committee; and the adoption of a programme aimed at the successful integration of handicapped workers into normal working life.

Further decisions were taken at a second Council meeting towards the end of the year when the Council agreed to adopt a directive calling for the harmonization of legislation on equal pay for men and women and a directive on mass dismissals aimed at offering greater protection to workers when threatened with unemployment. The Council also agreed to the establishment of two new bodies, one a European Centre for the Development of Vocational Training, the other a European Foundation for the Improvement of Living and Working Conditions.

Decisions in all these areas virtually completed the first part of the Social Action Programme. The next stage was the submission by the Commission of proposals on a number of other actions which the Council established as priorities. These include the vitally important action programme for all migrant workers whether they are Community nationals or citizens of non-member countries. This programme contains a number of specific proposals for action by the Community.

The programme envisages the implementation of voting rights by 1980 for all migrants in the local elections of Member States and improvements in the social security situation of migrants from non-member countries aimed at progressively bringing about equality of treatment of all people who live and work in the Community.

In accordance with the Council priorities the Commission is in the final stages of preparing a number of actions that will be ready for decision by the Council during 1975. These include a comprehensive programme on equality of treatment for men and women at work. Among the measures being prepared is a new Community instrument aimed at eliminating discrimination against women in access to employment and vocational training.

Similarly, in other fields work has begun on extending social protection within the framework of social security policy, and a programme of pilot projects to promote the alleviation of poverty has been prepared to act as a stimulus to the efforts of Member States in this field.

Unfavourable developments in the economic situation during the year posed serious problems for employment in the Member States.

The first need was to examine the effects that economic disruptions would have on the Community and more particularly on the more vulnerable sections of the population. Early in the year the Commission drew up a report on the possible repercussions of the energy crisis on employment, drawing attention to the role of the Social Fund in providing better employment opportunities for workers through training and retraining. The increasing importance of the Social Fund has been underlined throughout the year not only by the growing volume of assistance it provides in training but in the widening scope of its activities.

Employment was also a major issue at the Conference of Heads of Government which met in Paris on 9 and 10 December, where the continuing importance of a vigorous social policy was reaffirmed.

This theme was again taken up by the important Tripartite Conference held in Brussels on 16 December, when the Commission's paper on 'Prospects for a European Social Policy' became the focal point for a constructive debate between representatives of the Governments, Commission and the two sides of industry.

The problem of unemployment is clearly a matter for the involvement of all interests within the Community, and particularly important is the active involvement of the two sides of industry in the search for solutions. In this respect the Commission welcomes the decision to reconvene the Standing Committee on Employment, the first meeting of which is expected early in the new year.

### **Social aspects of Community policies in other areas**

*17.* As regards economic policy the Commission was primarily concerned with the problems associated with inflation and the uncertainty surrounding developments in the economy and the employment situation, these problems having been aggravated by the energy crisis. On several occasions the Commission stressed that the fight against inflation had priority over other economic policy objectives and that all sections of the economy and society would have to help in the fight. Since, however, standards of living will probably be affected by the present situation, it is important that sacrifices should be spread equitably among the various sections of the population. For this reason it was considered advisable to improve protection against unemployment risks and to adopt specific measures on behalf of workers whose jobs are threatened.

Proposals have therefore been submitted in the field of industrial policy relating to sectors with serious social problems (e.g. paper, textiles). Likewise, initial proposals have been made for the implementation of the environmental action programme and the consumer protection programme, which both aim to achieve a better quality of life for the people of the Community.

### *The promotion of employment*

18. In the second half of the year further general inflation and the first repercussions of the energy crisis reversed employment trends, which were thereafter characterized by a slowing down of the recruitment of workers and by increased unemployment. The Commission undertook a study of the market situation and actively promoted coordination of the national measures already taken in Germany, France and Italy.

Sector-by-sector studies of medium-term employment forecasts were carried out, with provision for a statistical breakdown according to levels of qualification. The results of these studies have been discussed by experts from the Member States. Work also continued on the processing of current employment statistics and short-term employment forecasts. Furthermore, the senior officials concerned with employment in the Member States met to lay the foundations for concerting employment policies, in order to define the priorities and, in particular, clarify the operation of the European Social Fund.

### **European Social Fund**

19. Under Article 5 of the Decision of 1 February 1971, the appropriations for the new European Social Fund had been initially set at 168.4 million units of account. However, acting on a proposal from the Commission, the Council agreed, by a decision taken in September, to carry forward to the current budgetary year the special appropriation of 40.7 million units of account which had been made available in 1973 for the purposes of Article 4 and to transfer this sum to Article 5 for 1974:

**TABLE I**  
**New Social Fund — 1974 Budget**

	Art. 4	Art. 5	Pilot schemes	Total
Initial endowment	98.8	168.4	0.60	267.8
Supplementary endowment	—	40.7	—	40.7
Total	98.8	209.1	0.60	308.5



**TABLE 2**  
**Total commitments decided for 1974<sup>1</sup>**

(million u.a.)

Country	Article 4					Article 5		
	Agriculture	Textiles	Migrant Workers	Handicapped	Total under Article 4	Regions and Technical Progress	Handicapped	Total under Article 5
Belgium	0.3	0.6	—	—	0.9	4.1	1.5	5.6
Denmark	—	—	—	—	—	3.3	8.9	12.2
Germany	6.6	2.6	0.1	—	9.3	6.5	12.2	18.7
France	14.9	0.7	0.4	0.2	16.3	27.9	5.2	33.2
Ireland	6.0	1.2	—	—	7.2	8.7	1.0	9.6
Italy	2.2	0.5	1.2	0.3	4.3	65.3	3.2	68.5
Luxembourg	—	—	—	—	—	—	0.01	0.01
Netherlands	0.9	—	—	—	0.9	3.7	2.1	5.8
United Kingdom	0.2	0.6	6.4	0.8	7.9	44.5	9.6	54.1
Total	31.0	6.3	8.0	1.4	46.8	164.1	43.7	207.7

<sup>1</sup> Appropriations under Article 5 cover all operations benefiting priority regions and 'technical progress' operations, as these two aspects, which are often interrelated, cannot be broken down in a simple table. The third report on the activities of the new European Social Fund during 1974, to be published in the spring of 1975, will provide all other relevant information.

The second report on the activities of the new Social Fund, covering 1973, was forwarded to the Council and to Parliament, in accordance with the decision setting up the Fund.

On 10 June 1974 the Council, acting on a proposal from the Commission, took two decisions on the granting of assistance from the Fund, under Article 4 of the Decision of 1 February 1971, towards certain specific measures on behalf of handicapped persons and migrant workers.

The amount of assistance applied for from the new Fund for operations to be carried out in 1974 under Articles 4 and 5 of the Council Decision of 1 February 1971 totalled 406.8 million u.a., of which 46.7 million u.a. was granted under Article 4 (agriculture 31.0 million u.a., textile industry 6.3 million u.a., migrant workers 8.0 million u.a., handicapped persons 1.4 million u.a.), and 207.7 million u.a. under Article 5 (of which 164.1 million u.a. was earmarked for assistance to declining regions, industries affected by technical progress, or groups of undertakings in difficulties, and the remainder, amounting to 43.6 million u.a., for handicapped persons).

During the financial year under consideration the Commission examined applications involving a total of approximately 406.8 million u.a. and, after consulting the Committee of the European Social Fund, approved these applications as far as the financial resources available permitted. The total amount of assistance thus granted is 254.5 million u.a., allocated as shown in table 2.

20. The former Social Fund has continued its activities under Article 125 of the EEC Treaty, in accordance with the general implementing Regulation (EEC) No 2396/71.<sup>1</sup> Assistance granted totalled 52.77 million u.a., allocated as shown in the following table:

TABLE 3  
Old Fund - Assistance granted in 1974

(u.a.)

Country	For retraining	For resettlement	Total
Belgium	1 727 785.70	219.36	1 728 005.06
Germany	21 074 433.61	640 614.13	21 715 047.74
France	3 821 296.25	86 922.76	3 908 219.01
Italy	23 198 060.75	62 666.49	23 260 727.24
Luxembourg	—	—	—
Netherlands	2 138 133.18	19 725.02	2 157 858.20

<sup>1</sup> OJ L 149 of 10.11.1971.

Community assistance for redundant workers dismissed from the Italian sulphur mines<sup>1</sup> totalled 146 492.8 u.a. paid to the Italian Government in 1974.

Finally, for 1975 the European Social Fund has a budget of 320 million u.a., of which 110 million u.a. have been allocated for assistance under Article 4 and 210 million u.a. for assistance under Article 5. Following consideration by Parliament an additional 35 million u.a. for Article 5 was added, bringing the total of resources for the Fund to 355 million u.a. There are also 13.4 million u.a. for the operations of the 'old Fund' and 0.9 million u.a. for the carrying out of studies or pilot schemes.

21. More than 95% of the assistance granted from the European Social Fund is for the launching and development of vocational training programmes in the Member States. In order to ensure a full return on the growing resources of the Fund, the Commission has set about defining criteria for the assessment of their effectiveness; in this task the Commission has the help of a group of national experts, who have analysed a number of Social Fund projects.

22. New interventions by the Social Fund were also proposed by the Commission during 1974 and specific decisions under Article 4,<sup>2</sup> the one relating to migrant workers and the other to handicapped persons,<sup>3</sup> were taken by the Council. Both decisions came into force on 14 July.

Pursuant to Article 7 of the Regulation implementing the Council Decision on the reform of the European Social Fund, the Commission has initiated a number of pilot schemes and studies mainly concerned with the integration of migrant workers, the readaptation of handicapped persons,<sup>3</sup> training in the data-processing field, multi-skill training in certain sectors and the reintegration into employment of women aged over 35.

Towards the end of the year the Commission organized a seminar on data processing and the training of adults. Discussion centred mainly on staff training problems posed by the changeover to computerized systems and the development of computer applications. The purpose of this seminar was to provide the Commission with a factual basis on which to decide whether specific interventions by the Social Fund in this sector would be appropriate.

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<sup>1</sup> OJ 246 of 31.12.1966; Report on the Development of the Social situation in the Community in 1973, point 20.

<sup>2</sup> OJ L 185 of 9.7.1974.

<sup>3</sup> Bull. EC 6-1974, points 2211 and 2212.

### Retraining and re-employment of workers

23. The United Kingdom Government and the Commission concluded an agreement under Article 56(2)(b) of the ECSC Treaty providing for assistance to miners affected by pit closures in the United Kingdom. The agreement provides for the same type of assistance towards retraining and re-employment as the agreements concluded with other Member States of the Community.

The shortage of young miners has meant that, of all the forms of assistance available, only those have been used which make possible the transfer of young miners to other collieries and those available for unemployed workers, which enable elderly miners, whose re-employment would pose serious problems, to retire early. Although the assistance granted per miner is linked to wage trends, the total amount of assistance has levelled off because of the slowing down of pit closures as a result of the energy shortage.

### Redevelopment of undertakings and re-employment

24. During 1974 the Commission granted redevelopment loans to the amount of 92.5 million u.a. in order to help create about 7 500 jobs in various regions where ECSC industries are located. The obligation incumbent upon the recipients of these loans to retrain former workers in the coal and iron and steel industries guarantees that priority will be given to resettling about 3 750 people in the undertakings financed in this way.

TABLE 4  
Retraining of workers

	Coal industry		Iron and steel industry and iron-ore mining		Total	
	Appropriations (u.a.)	Workers	Appropriations (u.a.)	Workers	Appropriations (u.a.)	Workers
Belgium	945 389.37	1 062	291 837.58	2 607	1 237 226.95	3 669
Germany	8 739 882.85	12 135	142 245.74	483	8 882 128.59	12 618
France	6 450 395.24	3 590	73 861.55	960	6 524 256.79	4 550
United Kingdom	19 445 686.19	11 921	3 743 467.80	7 704	23 189 153.99	19 625
Total	35 581 353.65	28 708	4 251 412.67	11 709	39 832 766.32	40 462

### Free movement of workers

25. The positive outcome of the experimental exchange, organized in 1973,<sup>1</sup> of Italian and German civil servants working in employment offices led the Commission to act as patron for the second such exchange and to assume part of the financial cost, this being in line with efforts to develop assisted placement and the clearing of supply and demand within the Community by providing both workers and employers with adequate information.

For the users of SEDOC<sup>1</sup> (European international vacancy clearance system) the Commission has prepared an audiovisual programme which will be ready by the end of the year and will help in the training sessions for national and European civil servants so that the system can be operational in 1975. The version of SEDOC adapted for the United Kingdom has also been completed.

Pursuant to Regulation (EEC) No 1612/68 on freedom of movement for workers, the Member States carried out a first exchange of data under the Community system adopted by the Commission on 14 December 1972.

As regards the problems relating to temporary employment, the Member States have, for the first time, exchanged data under the system adopted by the Technical Committee on Freedom of Movement for Workers in its Opinion of 19 February 1974; such data should contribute to a better understanding of this phenomenon and should ensure improved social protection for workers sent out by temporary employment agencies to jobs in other Member States.

The Advisory Committee on Freedom of Movement for Workers met on two occasions to examine the draft programme concerning migrant workers. It also approved a draft regulation on the admission of workers from other Member States to leading positions in trade union organizations.

Lastly, the Court of Justice has given judgment in two cases, one (Case 9/74) on equality of treatment in the matter of general education, and the other (Case 167/73) on the regulation concerning freedom of movement in sea and air transport.

### Other activities in connection with employment

26. In accordance with the priorities laid down in the Council Resolution concerning a Social Action Programme, the Commission, with assistance from both sides of industry and an *ad hoc* group, is at present drafting a memorandum to the Council on the measures needed to ensure equality of men and women in respect of access to employment, training, promotion and working conditions. This Memorandum will

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<sup>1</sup> Report on the Development of the Social Situation in the Community in 1973, point 19.

be accompanied by a draft Directive on the implementation of the principle of equal treatment for men and women in all matters relating to employment with a view to removing all remaining forms of discrimination against women.

Among the initiatives relating to female employment, the Social Action Programme also includes the establishment of a Community Documentation and Information Centre for the purpose of helping to alter the image of working women in the minds of all those concerned—employers, trade unions, public bodies, educational services, women's organizations, journalists, etc. To this end, a preparatory study has already been carried out.

### *Vocational training*

27. An essential part of the Social Action Programme is the implementation of a common vocational training policy. On 17 December the Council approved a regulation setting up a European Centre for the Development of Vocational Training which will start operating in 1975. This Centre will have the task of cooperating with the Commission in promoting the development of vocational training and continuous education. The governing body will be a Board on which not only the Community institutions but also workers' and employers' organizations will be represented.

A specific programme approved by the Council in June was concerned with the reintegration into employment of handicapped persons by means of vocational training or retraining measures. Provision was made for assistance from the Social Fund and for the setting up of an Advisory Committee with the task of helping to draw up plans for action at Community level.

The action programme for migrant workers included recommendations for improvement of the preliminary technical and vocational training given to such workers.

The draft Commission Memorandum contained provisions relating to basic and advanced vocational training for women.

Among other work carried out, mention must be made of a fact-finding survey on training facilities in southern Italy, the results of which will be available in 1975, and a study of the legal aspects, the organization and the operation of the apprenticeship system in the Member States. Lastly, in order to increase public awareness of the problems and the work done by the Community in this field, the Commission published the first few numbers of an information bulletin on vocational training.

Work continued as usual on promoting exchanges of young workers within the Community; the Commission is preparing a second joint programme, which should make possible an expansion of such exchange activities in the various sectors of the economy.

*General social security matters and European Social Budget*

28. In the social security field steps were taken to implement the Social Action Programme. Priority measures included coordination of the social protection policies of the Member States; for this purpose the Commission has decided to set up a group of experts which will begin work in 1975.

Another priority was the implementation, in cooperation with the Member States, of specific measures to combat poverty, including the preparation of pilot schemes. With this end in mind, the Commission organized meetings of experts and in June a seminar was held, in which representatives of public and private organizations took part. Thus the Commission was able to draw up a programme of pilot schemes for 1975 and 1976 on which a Council decision is awaited. Other measures in the social action programme concern the extension of social security to cover everybody, which is the subject of a document at present being examined by the Government experts, and the 'dynamization' of social security benefits (i.e., linking them to the rise in real incomes), work on which is in progress.

29. At the request of several Member States and in accordance with the Recommendation of 23 July 1962, the Commission initiated exchanges of information on a number of problems relating to compensation for certain occupational diseases. In Brussels in September the Commission also organized a medical seminar on the problems posed in an industrial environment by the toxicity of vinyl chloride monomer.

A study is also being made of the relationships between social security and social assistance, and the comparative tables on social security systems now operating in the nine Member States have been updated to 1 July 1974. In addition, the Commission has put its Directorate-General for Economic and Financial Affairs and its Directorate-General for Social Affairs to work on a preliminary study relating to a Community system of assistance towards unemployment benefits.

The Commission, with the assistance of the Government experts, has completed the task of drawing up the first European Social Budget. On the basis of the reports supplied by the Member States, it has produced this first Budget in the form of a summary report. The Social Budget will thus show trends in the Member States from 1970 to 1975 in respect of expenditure and receipts in the sectors covered (social security, social assistance or other social work, benefits for the victims of political events or natural disasters), taking both an overall and a sectoral approach. The Budget accordingly represents the first stage in the development of social forecasts at European level. This first Social Budget was forwarded in December for consideration to the Council, whose Decision of 9 November 1972<sup>1</sup> led to its preparation. As regards social security in agriculture, the Commission has worked out, with the help of

<sup>1</sup> At its 214th meeting.

a group of experts, a number of proposals which will be forwarded to the Council in the course of the coming months.

### *Social security for migrant workers*

30. The Commission set to work on adaptation of the Community rules<sup>1</sup> governing social security arrangements for migrant workers to trends in current national legislation<sup>2</sup> and to the international monetary situation.<sup>3</sup> Certain gaps which had been revealed by practical experience were also filled.

In accordance with the aims of the Council Resolution of 21 January 1974, the Commission will submit a proposal to the Council for the review of the system of paying family benefits to family members who have remained in the migrant worker's country of origin.

As regards migrant workers from non-member countries, on 10 June 1974 the Council adopted the Community Delegation's recommendations on the decision to be taken by the Association Council between the European Economic Community and Turkey regarding implementation of Article 39 of the Supplementary Protocol to the Ankara Agreement.<sup>4</sup>

For negotiations with the Maghreb countries the Council has further extended the Commission's mandate so that the social security schemes applying to Maghreb workers within the Community may be coordinated.

In addition to several decisions on the interpretation of Community rules taken by the Administrative Committee on Social Security for Migrant Workers,<sup>5</sup> the Court of Justice gave judgment in seven cases on requests for a preliminary ruling.<sup>6</sup>

### *Activities on behalf of migrant workers and their families*

31. Before the end of 1974 the Commission submitted to the Council a first action programme on behalf of migrant workers and their families. This programme contains proposals for measures to assist migrant workers both from within the Community and from non-member countries in fields such as social security, housing and the

<sup>1</sup> OJ L 149 of 5.7.1971 (Regulation (EEC) No 1408/71) and OJ L 74 of 27.3.1972 (Regulation (EEC) No 574/72).

<sup>2</sup> OJ L 152 of 4.6.1974 (Regulation (EEC) No 1392/74).

<sup>3</sup> OJ L 283 of 19.9.1974 (Regulation (EEC) No 2639/74).

<sup>4</sup> Report on the Development of the Social Situation in the Community in 1973, point 26.

<sup>5</sup> OJ C 86 of 20.7.1974, OJ C 99 of 23.8.1974, OJ C 105 of 14.9.1974, OJ C 126 of 10.10.1974, OJ C 131 of 25.10.1974.

<sup>6</sup> Cases 184/73, 187/73, 191/73, 24/74, 35/74, 39/74 and 40/74, [1973] and [1974] Recueil.



education of their children. Proposals have also been made with a view to increasing the coordination of Member States' policies towards migrant workers from non-member countries.

In addition to the work relating to migrants which is mentioned in connection with the various aspects of social policy, the Commission had a study carried out on the Consultative Committees of migrants operating under the auspices of municipal councils and brought its assistance to various national or European organizations concerned with help to migrant workers.

### *Wages and working conditions*

32. In the field of wages and salaries, the Commission sent to the Council on 23 July its progress report on the implementation, as at 31 December 1973, of the principle of equal pay for men and women in Denmark, Ireland and the United Kingdom. In its conclusions the Commission acknowledges the efforts made and the results already achieved, varying though they are, in these three Member States in respect of implementation of the principle of equal pay. It is clear, however, that the position is not yet fully satisfactory in any of the three countries, as could only be expected, especially since the initial position presented many problems. With regard to these three countries the Commission has therefore confirmed the guidelines laid down in the conclusions to its report on 31 December 1972<sup>1</sup> and has particularly stressed the need for the whole range of practical measures proposed.

The proposal for a directive on approximation of the legislations of Member States concerning the principle of equal pay, as advocated in the conclusions to the above-mentioned report and forwarded to the Council in accordance with the Social Action Programme,<sup>2</sup> was discussed by the Economic and Social Committee on 28 March and by Parliament on 29 April. Both these institutions, while suggesting amendments, decided in favour of the proposed Directive. In order to take account of their opinions, a revised version of the proposal was forwarded to the Council, which approved it on 17 December 1974.

Furthermore, on 19 November the Commission sent to the Council a working document on the systems for adapting wages and salaries to the cost of living<sup>3</sup>.

In addition, on 17 December the Council also approved a directive designed to protect workers in the event of mass dismissals.<sup>1</sup>

<sup>1</sup> Report on the Development of the Social Situation in the Community in 1973, point 28.

<sup>2</sup> *Idem.*, point 16.

<sup>3</sup> Bull. EC 11-1974, point 2220.

33. On 31 May the Commission submitted to the Council a proposal for a directive on the retention of rights and privileges by workers in the event of mergers, transfers and amalgamations of undertakings.

The Commission forwarded to the Council a report on certain technical aspects of working hours (country-by-country comparisons, paid and unpaid breaks and absences).

In the light of the Opinions given by the ESC and by Parliament, the Commission amended its draft regulation on the establishment of a European Foundation for the Improvement of Living and Working Conditions. The Council approved it on 17 December.

### *Industrial relations*

34. The European employers' and workers' organizations were consulted on the following matters: the setting up of a European Centre for the Development of Vocational Training; a proposal for a directive on the retention of rights and privileges by workers in the event of mergers, transfers and amalgamations of undertakings; an action programme for migrant workers; a set of measures designed to ensure equality between men and women as regards access to employment, vocational training and career advancement and as regards terms of employment, including pay; a first action programme relating to hygiene, industrial safety, workers' health, and job improvement, with special reference to those sectors where working conditions seem most arduous.

35. In connection with the collection and analysis of the collective bargaining agreements,<sup>1</sup> the representatives of the competent national centres met to find a joint solution to the problems arising at national level during this initial phase of drawing up the European Card Index of Collective Agreements.

36. In spite of the Commission's efforts to set up new joint committees whose work would facilitate the conclusion of European collective agreements, it is proving difficult to achieve rapid results. Respect for the autonomy of the two sides of industry and the confused situations arising when sectoral regroupings take place at European level, both on the workers' side and on the employers' side, are liable to delay the setting up of a broader system of sectoral relations. At the present stage of the Social Action Programme, the function of these committees is to examine how the programme can be implemented in each sector and, in conjunction with this, to study the problems affecting employment, harmonization of terms of employment, safety, vocational training, etc. It was with this in mind that the Commission departments

<sup>1</sup> Report on the Development of the Social Situation in the Community in 1973, point 28.

dealing with social affairs went about their work in this field. Notable results<sup>1</sup> were achieved in this connection within the seven existing joint committees and those now coming into operation.

On 25 July the Commission decided to lay down new rules of procedure for the Joint Committee on Sea Fishing and the Joint Committee on Agricultural Wage-earners so that they could deliver opinions on their own initiative and encourage contacts and cooperation between the parties represented.<sup>2</sup> As a result of suggestions by these Committees, an agricultural safety week was organized and, in the case of sea fishing, the means of medical, technical and meteorological assistance at sea were coordinated.

### *Housing*

37. The building of low-cost housing for workers in ECSC industries was further financed and the second instalment of Scheme VII fully committed. For the first time, the financing operations included the modernization and, on an exceptional basis, the purchase of existing housing, special account being taken of the results of the 'Modernization of housing' experimental scheme, which the Commission has just decided to publish.

Almost the entire amount of 20 000 000 u.a. constituting this second portion was allocated in accordance with the priorities laid down by the Commission: housing for the new steel complexes in coastal regions, housing as part of the restructuring scheme for coalfields or traditional steel-producing centres, housing for migrant workers and the modernization of existing housing within the framework of urban renewal.

*Tables 5 and 6* give details of implementation of the seven normal schemes and the three experimental schemes. In the three new Member States ECSC housing schemes were integrated into local authority schemes.

On 15 November the Commission decided to launch an eighth ECSC housing scheme, consisting of two operational instalments covering the periods 1975/76 and 1977/78. The Commission earmarked 25 million u.a. for the first instalment, the objectives of which are appreciably the same as those of Scheme VII, although made more urgent by the new lease of life being given to the coal industry as a result of the oil crisis.

Since the part of the Social Action Programme dealing with housing provides for pilot schemes to assist particularly under-privileged groups, above all migrant workers and handicapped persons, two schemes were undertaken in 1974. The fourth report on action on the 1965 Recommendation<sup>3</sup> was completed and will be distributed shortly.

<sup>1</sup> Bull. EC 4-1974, point 2213; Bull. EC 6-1974, point 2229 and Bull. EC 11-1974, points 2224 to 2231.

<sup>2</sup> OJ L 243 of 25.9.1974.

<sup>3</sup> OJ 137 of 27.7.1965.

**TABLE 5**  
**Financing of the seven normal schemes and the three experimental schemes**  
**(situation at 31 December 1974)**

*(million u.a.)*

	Commission advances		Additional funds <sup>1</sup>	Total amount advanced	Other sources	Total cost of accommodation built or modernized
	From own resources	From borrowings				
Belgium	6.12	22.95	2.30	31.37	39.13	70.50
Denmark	1.00	—	0.67	1.67	3.93	5.60
Germany	60.19	13.24	133.45	206.88	806.89	1 013.77
France	33.58	0.43	13.34	47.35	184.27	231.62
Ireland	0.50	—	0.82	1.32	0.46	1.78
Italy	11.70	8.36	11.18	31.24	30.76	62.00
Luxembourg	3.05	1.70	2.43	7.18	9.98	17.16
Netherlands	7.23	2.14	7.30	16.67	32.98	49.65
United Kingdom	4.00	—	—	4.00	5.28	9.28
<b>Total</b>	<b>127.37</b>	<b>48.82</b>	<b>171.49</b>	<b>347.68</b>	<b>1 113.68</b>	<b>1 461.36</b>

<sup>1</sup> Mobilized at Commission instigation.

**TABLE 6**  
**Work on the seven normal schemes and the three experimental schemes**  
**(situation at 31 December 1974)**

	In preparation	Building	Completed	Dwellings financed
Belgium	—	436	6 753	7 189
Denmark	20	21	21	62
Germany	962	1 512	81 796	84 270
France	2 011	1 286	21 772	25 069
Ireland	115	—	—	115
Italy	400	—	6 175	6 575
Luxembourg	6	2	937	945
Netherlands	—	—	4 779	4 779
United Kingdom	—	3 156	—	3 156
Total	3 514	6 413	122 233	132 160

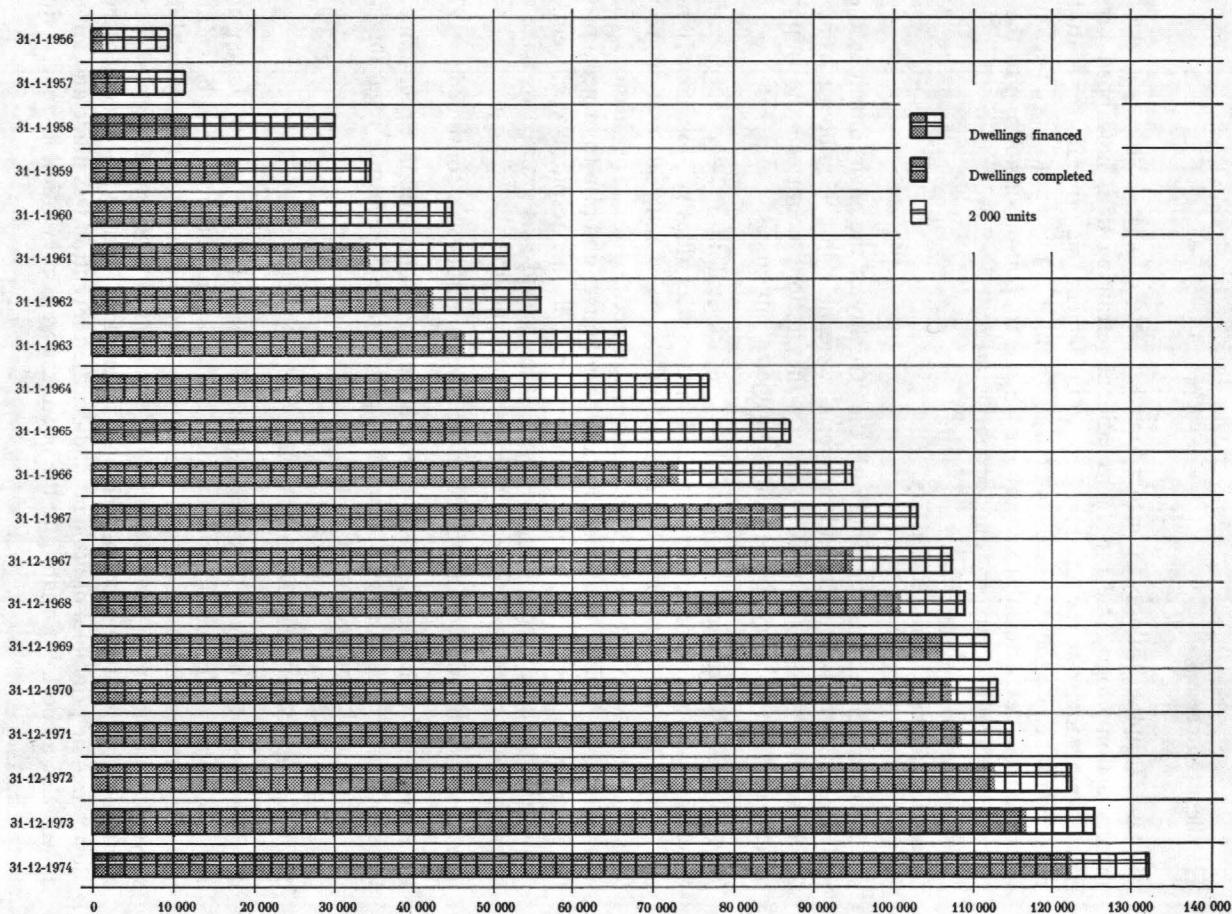
### *Social services and family matters*

38. Since the Social Action Programme accords priority to improvement in the living conditions of migrant workers and their families, the Commission organized in Munich a European seminar which was attended by about forty social workers who were specialists in this field. The fact that the European Social Fund is now empowered to support aid for the training of social workers and of teachers for migrant children is likely to promote progress in these areas.

On a more general level, comparison of the social work measures taken in the Member States to assist in particular the most underprivileged sectors of the population was continued and contacts were made with the European representatives of the International Federation of Social Workers. Cooperation with COFACE (European Communities Committee of Family Organizations) mainly involved the family aspects of the Social Action Programme. In connection with the problems of female employment, the question of day-nurseries and other childminding facilities was examined.

Graph  
ECSC subsidized housing financed and completed

(situation at)



## *Common health and safety policy*

### **Handicapped persons**

39. On 27 June 1974 the Council adopted a Resolution establishing a first Community action programme for the vocational retraining of handicapped persons.<sup>1</sup> The Commission took the first measures to implement this programme. A study was also undertaken on the standards of housing for physically handicapped persons and, in addition, an experimental programme for the adaptation of housing to the needs of such handicapped persons is under consideration.

### **Industrial medicine, health and safety**

40. Information sessions dealing with the 'Quality of the environment in the iron and steel industry — Results and prospects' were held in Luxembourg from 24 to 26 September. The 500 people attending the sessions confirmed the importance attached by the industry to the campaign against nuisances.

Two new ECSC research programmes were adopted in 1974: one concerns the 'Technical prevention of pollution in the iron and steel industry', to which 10 million u.a. were allocated, and the other concerns ergonomics and readaptation, to which 9 million u.a. were allocated. The Commission decided to grant financial aid to a first tranche of projects contained in these programmes and also to projects provided for in the previously adopted programmes on 'Chronic respiratory ailments' and 'Industrial health in the mining industry'. Finally, aid was granted to mine safety research programmes on triggered barriers and mine fires.

The in-service training programme for factory inspectors was continued in 1974.

In accordance with the Resolution concerning a Social Action Programme,<sup>2</sup> the Commission proposed a first Community programme of measures regarding safety, health and health protection at work.

### *Steel Industry Safety and Health Commission*

41. The Steel Industry Safety and Health Commission met on 6 March and 12 July and approved codes of good practice for the tapping of pig-iron at blast furnaces and for filters, storage tanks and measuring instruments used in oxygen lines. A survey has begun among iron and steel undertakings in the Community and elsewhere regarding the pressure system used in oxygen lines. Finally, a documentary film illustrating the principles of accident and disease prevention was made and approved, as was also a check list relating to the organization of prevention in undertakings.

<sup>1</sup> OJ C 80 of 9.7.1974.

<sup>2</sup> OJ C 13 of 12.2.1974.

### *Mines Safety and Health Commission*

42. On 10 June the Council decided to entrust the Mines Safety and Health Commission with the responsibility for the prevention campaign in all the extractive industries.<sup>1</sup> The Commission began its study of its new responsibilities, and also approved the following in 1974: directives for constructors of winning and tunnelling machines with a view to reducing dust formation; the information reports on protection against coal-dust explosions by means of explosion barriers and the propulsion of conveyer trains by linear motors; and two reports concerning the testing of textile-belt conveyer and hydraulic transmission fluids.

### *Advisory Committee on Safety, Hygiene and Health Protection at Work*

43. The Council decided to set up this Committee on 10 June<sup>1</sup> and is at present deciding on the nomination of members.

### *Paul Finet Foundation*

44. Between its establishment in 1965 and the end of 1974 the Administrative Board of the Paul Finet Foundation examined 5 750 applications and granted financial aid in 4 100 cases, totalling around Bfrs 32 500 000, towards the studies of orphans of workers in the ECSC industries who had lost their lives owing to an industrial accident or occupational disease.

### *Health and Safety protection (Euratom)*

45. The protection of workers and the public against radiation remains an important problem in tackling which the Commission, under the relevant articles of the Euratom Treaty, is in a position to play a decisive role. The general review procedure for Community radiation protection standards has entered its final stage and the Council is examining the Commission draft for the last time before adopting it as a directive.

Virtually continuous training is necessary in order to keep abreast of radiation protection concepts and techniques. On 28 and 29 November the Commission organized in Brussels a scientific symposium for workers exposed to ionizing and non-ionizing radiations. On 12 and 13 November it also organized, in conjunction with the ENPI in Rome, a seminar on chromosomal aberrations as irradiation indicators.

Draft recommendations for the Member States concerning health protection for persons exposed to laser beams and microwaves were drawn up and are expected to contribute to the harmonization of legislations in what is still an unregulated area. The technical harmonization programmes for personal dosimetry continued. Two information guides, one concerning the main principles of individual supervision and the other concerning personal thermoluminescent dosimetry, were approved.

<sup>1</sup> OJ L 185 of 9.7.1974.



46. The implementation of Article 37 of the Euratom Treaty, which provides for examination by the Commission of any plan for the disposal of radioactive waste, is becoming more and more important as a result of the expansion taking place in the nuclear field. In 1974 five power stations were inspected in order to assess the risks of radioactive contamination of the environment.

A study was begun on the long-term radiological implications of accumulation in the environment of certain long-life radionuclides present in waste discharged by nuclear power stations. The study will be backed up by a survey of the natural radioactivity levels in the nine Member States. Growing interest is being shown in the reports published by the Commission on the discharges of radioactive waste from nuclear power stations in the Community. These reports provide objective information on the real risk of radiation from nuclear power stations.

47. Since the Commission, in the environment programme, stresses the importance of assessing risks, drawing up criteria of harmfulness, and formulating common health standards, it must contribute to solving two problems, namely: the collection and analysis of scientifically accepted facts which, where possible, will permit quantification of the health and ecological dangers of the main environmental pollutants; and the collection of statistics on pollutant readings in all sectors of the environment. Numerous bibliographical studies and critical analyses were prepared and lists of current pollution levels in the environment were published. An attempt was made to standardize sampling and measurement methods in order to obtain more significant and more easily comparable results. Documents concerning the criteria applicable to a number of pollutants are being prepared. The list of second-category pollutants, which was given by way of information in the action programme, was reviewed and a proposal was forwarded to the Council.

A proposal for Community standards for drinking water was prepared for submission to the Council. This proposal takes account of the maximum permissible concentrations for a number of parameters and of the reference methods for analysis and sampling. Proposals were also made concerning the necessary minimum concentrations of certain substances in drinking water.

As regards the exchange of information between the networks responsible for monitoring and controlling air pollution, a common procedure for two pollutants, namely sulphur dioxide and particles in suspension in the atmosphere, was submitted to the Council.

The Paris symposium on 'Recent progress in assessing the effects of environmental pollution on health',<sup>1</sup> organized in June by the Commission in conjunction with the Environmental Protection Agency (USA) and the World Health Organization, provided a quantity of important information. New problems were also tackled, such as those posed by polychlorinated biphenyls and vinyl chloride.

<sup>1</sup> Bull. EC 6-1974, point 2231.

## **C. Development of the Social Situation in 1974**

## Employment (including migrant workers)

### Trends within the Community

48. Throughout 1974 the repercussions of the increase in the price of oil introduced in 1973 were felt in all the Member States. The *problems* it raised for all countries were *similar*; balance of payments were adversely affected; there was an overall reduction in demand, both internal and external, and in investment; at the same time the already high level of inflation was increased. The labour markets of all Member States, which were already suffering from structural weaknesses and the impact of the anti-inflationary measures introduced towards the end of the year were severely hit.

The characteristics of the employment problems created were quite similar for each country although there was a considerable delay before the effects of the economic situation were fully felt on the labour markets. The length of the delay varied for each country according to the different initial economic situation, and different economic policies carried out.

49. The pessimism aroused by the deterioration in the *employment situation* at the end of 1973 gradually decreased during the opening months of 1974: in March, the sharp set back on the labour market which had been feared did not take place.

Once the first impact of the crisis had been absorbed, continued high demand and the renewed firmness of undertakings' propensity to invest made possible a more or less definite resumption of industrial production in all the Community countries during the first six months. The result was an increase in the number of vacancies and a further fall in unemployment, particularly in Italy and Ireland.

It was only from June and July 1974 onwards that the change in direction of the economy became fairly apparent. The increased cash difficulties of undertakings, and the decline in internal demand for certain products, brought about a considerable slowing-down of growth, which made its effect felt on the labour market. It is estimated that for the Community as a whole the increase in the gross domestic product

will only amount to 2.2% in 1974 whereas it was 5.5% in 1973. For Germany and Denmark the rate will be only 1% and 1.5% respectively.

The different policies followed by the Governments in order to deal with the problems serve partly to explain why the deterioration in the employment situation manifested itself sooner in Germany and Denmark, countries which gave priority to a policy of combating inflation, than in countries like France, Italy, Ireland and the United Kingdom, which continued to give priority to growth or at least to the maintenance of demand.

However, the deterioration of the employment market was confirmed during the second six months throughout the Community (with the exception of Luxembourg): the number of unfilled vacancies fell considerably and the number of unemployed grew steadily in all the countries, but especially quickly in France, Denmark, the Netherlands and Germany.

50. Italy is the only country which experienced a noticeable increase in 1974 in its wage and *salary earning population* (+2%), while in the Community as a whole the wage and salary earning population remained stable and there was a slight decrease in the total number of *employed persons* (-0.3%).

This stabilization of the number of employed at a relatively high level (owing to the economic boom of the previous year) hides considerable disparities between sectors and between countries. It seemed to have changed for the worse, to a large extent, at the end of the year.

51. The slowing-down of growth was very unequally divided between *sectors*.

There was a clear decline in the consumer goods sector. Industries such as clothing, construction and building which are especially sensitive to overall economic fluctuations were affected by a fall in demand. In other sectors, more directly linked to the price of oil, such as the automobile and textile industries, employment levels fell considerably as a result of a decrease and a change in structure of demand.

Although serious pockets of unemployment appeared in these sectors, the industries manufacturing plant and machinery (and to a lesser degree the intermediate goods industries) continued to make progress and suffered from shortages of skilled labour because qualifications continued to be unsuited to requirements. The shortages, however, tended to diminish towards the end of the year as the run-down in the economy began to make itself felt in these industries too.

In addition, for the first time in years, the slowing-down of economic activity affected some activities in the tertiary sector especially in administration and commerce.

52. Under the pressure of the crisis, the first reaction was to stop the renewal of

immigrants' contracts, to continue the suspension of immigration, to reduce hours of work, to retire older workers early, and to increase short-time working, but later the number of dismissals did not stop growing, notably as a result of the increased number of small firms going bankrupt. Employers levelled out their investments and were more and more inclined to replace manpower by investments directed towards rationalization.

53. Overall it appears that the unskilled *work-force*, especially concentrated in the industries most affected by the economic slowdown were those worst hit. However, in the past few months there has been an increase in unemployment among skilled male workers, especially in the sectors where recession seems the necessary prelude to a restructuration of production (e.g. automobile). This change is particularly unfavourable in that, until now, companies have tried to keep their skilled workers while the unskilled work-force served as a buffer during difficult economic periods.

The effects of the crisis were immediately felt by certain categories of the population.<sup>1</sup> The average duration of unemployment lengthened in the case of older workers, women and young persons, who had already derived little benefit from the economic boom in 1973.

Unemployment among *women*, who often work in those sectors which are in difficulties (textiles, services), increased more rapidly than unemployment among men. In fact in Belgium and France this trend accounts for the greater part of the increase in unemployment for most of the year. Although at the end of the year this trend was reversed, with a more rapid increase in unemployment among men, the overall level of female unemployment remained much higher than male unemployment.

In 1974, there was a very pronounced worsening in the problems experienced by the growing number of *young people under 25* who entered the labour market. The number of vacancies available to young people seeking their first job considerably decreased, while young unmarried workers were often the first to be faced with the threat of dismissal.

Last year, in an economic boom period, unemployment among young graduates was already alarming, and this year the situation has become serious for all young people seeking work and more particularly for the youngest and least qualified of them.

54. In general, the *measures* taken in each Member State were essentially defensive, aimed at the protection of employment (e.g. encouragement of short time working rather than dismissals) and at maintaining the level of social security. Although limited expansionary measures have been introduced by some countries it is unlikely that expansion alone will be sufficient to lower unemployment rapidly to its previous level. The changes in the international economic environment necessitate a redistribu-

<sup>1</sup> Report on the Development of the Social Situation in the Community in 1973, point 42.

tion of economic activity by sector, going beyond the traditional imbalances as regards regions and categories.

An active employment policy will become essential. This will imply, in the framework of a medium term development programme, a considerable expansion in training activity, linked to the creation of new jobs, the intensification of the promotional efforts of the placement services and better cooperation between them and finally an improvement in the financial aids to the mobility of workers.

## Development of the situation in the member countries

### *Belgium*

55. During the opening months of the year the level of activity was higher than might have been expected after the energy crisis. Economic growth slowed down gradually without any sharp rise in *unemployment*. During the first six months the number of wholly unemployed was below the level recorded for the same period in the preceding year.

The situation, judging from the available data, has deteriorated quickly in the last quarter, however. On 31 December 1974, 140 000 were registered as wholly unemployed, which represents a rise of 38% against the figures at the end of 1973 and the rate of unemployment was 5.4%, measured by the number of people insured against unemployment.

An increasing number of workers with average abilities, who have lost their jobs as a result of dismissal due to bad economic conditions, have joined that already existing group of unemployed which is difficult to place even in a good economic situation and which comprises to a great extent of workers with poor qualifications and women.

The increase in unemployment can be largely attributed to this group of newly unemployed workers with average qualifications. Indeed, between November and December, this group accounted for 90% of the increase, whereas they represent only 60% of the total of those wholly unemployed.

56. As already in the past, the *unemployment of women* contributed considerably to the unfavourable development on the labour market, for in December 1974 their rate of unemployment amounted to 8.9% as opposed to the 3.8% for men. However, the proportion of women in the total number of unemployed has recently decreased. So in the new force of unemployed more than half were women (approximately 60% between November and December 1974). This development was due to the

critical turn in the economic situation, which affected all employees. At the end of August 1974 women represented 54% of the unemployed and afterwards they were the first to be caught up by the recession (11 000 newly unemployed women in August 1974 as against August 1973, but only 400 newly unemployed men for the same period).

57. *Short-time working*, which for years had involved 35 000 to 40 000 people and which remained at the same level during the opening months of the year, rose considerably in the following period: at the end of December 1974 the number of short-time workers had reached 110 000.

An analysis by *economic branches* shows that the highest unemployment was in building, in the engineering industry as well as in commerce and services, in addition to the increasing unemployment throughout the economy.

58. As regards the geographical distribution of unemployment, the gap between the privileged *regions* and the less privileged areas has not become smaller. In most of the areas with low unemployment there was first of all stabilization and then an increase in unemployment, whilst in those regions where there was already high unemployment it has risen even further.

The deterioration affected particularly the *young* workers. In November 1974 31.0% of the unemployed were less than 25 years old (as opposed to 24.1% in 1973 and only 15.3% in 1969). In the case of young women unemployment was even higher: 39.2% of the total number in 1974 as against 33.7% in 1973. Within the category of unemployed with average qualifications, the proportion of young workers is even more impressive: 45.8% for men and 49.6% for women.

The number of *unfilled vacancies*, which varied between 9 000 and 17 000 in 1973, was maintained in the first three quarters of 1974 within these limits (and even reached 18 000 in June), falling strongly in the course of the last quarter to 5 700 in December 1974; this means a reduction of 43% in comparison with December 1973.

59. Concerning *foreign workers* 1974 will be noted as the year when efforts were made to get to grips with the phenomenon of the illegal employment of foreigners.

The Government adopted measures to legalise the position of workers from non-member countries who were living in Belgium on 1 August 1974 and who had been working or residing there previous to that date. Before the deadline at the end of October, about 8 500 applications for legalization were received from unemployed persons, and about 700 applications for employment permits were made by employers.

In actual fact, the number of illegal immigrants can be estimated at 20 000, and this led the Government to accede to the request of organizations for the protection of

immigrant labour and extend the time limit for registration until the end of November 1974, then until the end of January 1975.

These measures were accompanied by a ban on immigration except as regards highly skilled workers. The announcement of the regularization measures, which were misinterpreted abroad, led nevertheless to a new wave of illegal immigration. These new immigrants cannot be considered for legalization.

During the first nine months of the year, 5 222 workers from non-member countries received their first permit to enter the country and work there.

60. The increased unemployment caused the Belgian *Government* to make a series of decisions to meet the new state of affairs.

In particular the Council of Ministers made the following decisions at its meeting on 15 December 1974:

- (i) To double the efforts which were already foreseen to engage the unemployed for work by public authorities. The aim was to involve 20 000 unemployed in special projects to be organized above all by the provincial and district authorities;
- (ii) To increase the capacity of the vocational training centres. In addition, the vocational training of young people was strengthened, whilst courses within firms were started in favour of short-time workers;
- (iii) The setting-up and active participation in public measures by sub-regional employment committees, which already exist *de facto* as a result of the decisions of the National Employment Conference.
- (iv) The introduction of a system of 'pre-pension' in order to guarantee to dismissed workers of at least 60 years of age the maintenance of their income up to the time they would become of pensionable age.

At the same time it was decided to study any modifications required in laws and regulations so that:

- (a) the present system of compensation payable to a worker in the event of the closure of a firm in cases of takeovers can be extended,
- (b) a system of wage payment during training can be set up, to complement existing compensation in the event of closures and unemployment benefits.

Furthermore the efforts, which are being made by the National Labour Office to increase the efficiency of its offices by raising the number of personnel, and in particular employment officers and vocational guidance councillors, are to be noted.



## Denmark

### 61. The Danish economic situation deteriorated since the previous year.<sup>1</sup>

The sharp rise in commodity prices, a high rate of inflation, the increase in wages and salaries and above all the growing balance of payments deficit caused the Government to introduce severe measures to stabilize the economy. Indirect taxes on many luxury products (from cars to spirits and tobacco) were increased,<sup>2</sup> and at the same time a restrictive monetary policy was adopted. Public works programmes were also cut.

The effects on the Danish economy of this sudden braking made themselves gradually felt in the course of the year through a rise in *unemployment*. This grew in magnitude from April in the building industry, and spread from September onwards to other industries, particularly the manufacturing industries (textiles, leather, non-metallic minerals).

During the first three months of 1974, unemployment remained at a level comparable to that of the preceding years. But in April and May it reached 3.8% of the working population, as against 1.2% for the corresponding months of 1973; and in mid-September it stood at 5.6% as against 1.2%. At the beginning of December 1974 a rate of about 10% was reached, which represents a figure of around 90 000 of insured unemployed. According to the information of the employment offices a further 30 000 had to be added to this figure covering non-insured persons; therefore for the whole year 1974 there was an average unemployment rate of 5.3% (corrected for seasonal changes). The deterioration in the employment situation was confirmed by the trend in registered vacancies, which were 17% lower in mid-September 1974 than in September 1973.

### 62. The category which was hardest hit was that of building workers, who constitute about one half of all unemployed men. Gradually the workers in the textile and clothing industries, a well as in the wood industry suffered as a result of the decreasing demand for consumer goods. The reduced economic activity in these branches affected indirectly the volume of employment in the form of reduced working hours.

According to the data presented for October 1974, for every 100 unemployed aged between 15 and 24 years 60 were male and 40 were female.

At the same time *young workers* represented more than one third of all insured unemployed, thereby causing the government to examine the measures to be taken to solve this problem which is becoming increasingly more serious.

<sup>1</sup> Report on the Development of the Social Situation in the Community 1973, point 49.

<sup>2</sup> It is noted that in accordance with the latest information several of these increases were abolished on 1. 1. 1975 (e.g. for motor vehicles).

63. During the autumn of 1974 the *government's policy* was increasingly directed at slackening their original restrictive credit policy; building and construction have gained advantage especially from this.

To stimulate internal demand, the Danish Government decided in September 1974 to lower the direct taxes with effect from 1 January 1975 by a considerable amount (7 000 Million Kroner).

64. Since 29 November 1973 *immigration of foreign labour* from non-member countries (with the exception of Scandinavian countries) has been prohibited. At the moment, in view of the employment situation, renewal of work permits which have run out is more often than not refused, with the result that the number of foreign workers is decreasing.

### *Germany*

65. After a slowing down in economic activity during the second half of 1973 and the beginning of 1974, the vigorous expansion of foreign demand and new investment confidence led to an improvement in the economic climate in Germany. However, this trend was not strong enough to overcome structural weaknesses. On the contrary, these increased in important branches of the economy. The sharp increases in costs aggravated the trend of rising prices, which was nevertheless less severe than in the other countries of the Community.

During the following months, the economic situation worsened progressively. With a slowing of activity in many branches of the economy together with the growing pressure of production costs, a large number of firms were led to reduce their workforce. While the number of *unfilled vacancies* was still close on 361 500 at the end of April 1974, it fell to 213 000 by the end of November.

66. On average, the probable decrease in the wage-earning population is of the order of 360 000 persons (1.6%). The contraction of economic activity was also confirmed by the parallel reduction in the number of self-employed workers and their families, with the total active population being estimated at 26 300 000 persons which was 1.5% less than in the preceding year.

67. The fall in employment became serious, spreading from *branches* such as textiles and clothing—which had been undergoing structural readjustments for some time<sup>1</sup>—to others, in particular the steel industries, motor vehicles and building.

The unfavourable situation in the automobile industry had repercussions in other metal processing industries with the result that by November 1974, unemployment in

<sup>1</sup> Report on the Development of the Social Situation in the Community in 1973, point 55.

the steel industry had nearly doubled in comparison with the month of April (132 400 unemployed compared with 69 100). This phenomenon was less severe in the car industry where unemployment in August 1974 was up by 3.8% as compared with the previous year. Since August, however, the situation has worsened.

There was a serious decline in the building of dwellings during the first half of the year as a result of the housing surplus and the high cost of financing. As regards construction of buildings for industrial or commercial purposes, firms hesitated to increase capacity which in itself had an appreciable braking effect. The falling off would have been still more pronounced if the public authorities had not increased their civil engineering contracts and raised expenditure in order to promote public-sector housing construction. This negative trend diminished during the last months of the year, taking seasonal factors into account.

The textiles and clothing sector might also have reached a more stable level of activity, given that the labour force was reduced appreciably more (15.9% and 9.9%) during the first half of the year than during the preceding year (August 1973-August 1974).

There was also a decline in the *service* industries with higher unemployment occurring in all sectors, particularly administrative staff and employees in commerce.

68. The total number of *unemployed*, which had stood at 620 500 in January 1974, fell to 450 700 in June and then rose steadily to 945 916 in December 1974, which corresponds to an unemployment rate of 4.2%.

The number of *short-time workers* increased at an unprecedented rate, shown by the following figures:

Mid-July 1974	141 300 short-time workers
September 1974	265 300
End-November 1974	461 448
End-December 1974	703 000

The remarkable increase in this form of unemployment during December is also shown by the large number of firms resorting to short-time work (9 100, which was an increase of 2 500 in one month). The branches most affected were the car industry, the electrical industry, engineering and services.

69. Although it is still difficult to provide a complete break-down of statistics, it can be said that both the *male and female labour-force* have been seriously affected. Male unemployment has increased in the industrial sectors, including building. Women workers were, on the other hand, hit by the contraction in the tertiary sector. At the end of November, female unemployment, which had deteriorated very rapidly at the beginning of the down-turn in economic activity, was higher (4.2%) than male unemployment (3.1%).

70. With the decrease in job vacancies, there were increasing difficulties for *young and elderly workers*, whose job prospects deteriorated. As far as job security for elderly workers is concerned, a number of recent collective agreements introduced an element of security by the inclusion of new scales for redundancy payments. As for young workers, growing unemployment (70 000 at the end of September, 100 000 at the end of the year) highlighted the crucial problem of integrating school-leavers into the world of work. Most unemployed young people, it should be noted, do not have any vocational training.

71. While, during the first three quarters of the year *foreign workers*, due to their greater mobility, were in general less affected by unemployment than national workers, the situation was reversed at the end of December 1974 when, out of 946 000 unemployed, 134 700 were immigrant workers, 30 700 of these being immigrants from other Member States. The general unemployment rate was 4.2% and for foreign workers 5.6%.

72. Despite the fact that the recruitment of third-country migrant labour was halted, according to the decision of 23 November 1973, and officially maintained throughout 1974, 37 300 non-Community workers were recorded as new entrants during the year.

With the deterioration of the employment situation, the number of foreign workers in Germany decreased steadily during the year. Estimated as numbering 2 600 000 on the eve of the energy crisis, there were 2,502 000 at the end of December 1973, 2 490 000 at the end of March 1974 and 2 350 000 at the end of September<sup>1</sup> or in other words a decrease of 250 000 within the space of a year.

As work permits expired, they were renewed only as the labour market situation permitted and in so far as the employment of national and Community workers was not endangered.

73. In its attempts to curb the illegal employment of foreign workers, the Federal Government passed a law on 30 October 1974 which stiffened substantially the penalties laid down in the 'Arbeitsförderungsgesetz' and in the 'Arbeitnehmerüberlassungsgesetz', which single out in particular:

- (i) the recruitment and placing of foreign workers without authorization from the Federal Labour Office;
- (ii) the employment of foreign workers who have no labour permit;
- (iii) the hiring out to third-party employers of foreign workers without labour permits.

<sup>1</sup> Provisional data resulting from new recording methods introduced in 1973.

74. During the year, the Federal Government took a series of measures designed to promote employment.

In September, for example, a special programme with a budget of DM 950 million was approved in order to deal with unemployment in certain sectors. The programme consists of two parts, the first of which (DM 700 million) is financed 50% by the Federal Government and 50% by the Länder. Under this programme, public intervention can be made in regions where unemployment is above the national average. In general it is the construction sector which will benefit from these measures, while civil engineering will only benefit to a limited extent. One prerequisite for consideration of projects is that the measures envisaged are planned so that orders can be placed before the end of 1975. Eligible schemes include the building of schools, day nurseries, thermal and hydroelectric power stations, home modernization etc.

The second part of the programme, financed exclusively by the Federal Government (DM 250 million) will be devoted to various spheres of public activity, such as communications, defence, internal security, nuclear research etc.

Finally, a new 'programme for relaunching the economy and maintaining stability' was launched on 12 December 1974, with public funds to be used as investment incentives, together with important employment policy measures.

These will continue till 30 April 1975 and consist of:

- (i) the financing of the wage bill (up to 60% of gross wages) incurred by employers offering stable employment to unemployed workers;
- (ii) additional grants to assist the mobility of workers, when this becomes necessary in order to continue in employment;
- (iii) additional grants for workers undertaking vocational training under the auspices of public authorities.

The mobility grants (for both professional and geographical mobility) and the vocational training grants consist of DM 300 payable after 3 months of unemployment rising to DM 600 after a maximum of 6 months. Married men benefit from an extra DM 100. This scheme is intended to assist certain regions which are most badly affected. A total of DM 600 million is being made available to finance these measures.

Generally speaking, the public authorities have directed their attention to strengthening the existing mechanisms for promoting employment and vocational training. Further measures were taken to adjust unemployment benefits and other social benefits to the rise in the cost of living. In this context the Federal Labour Office (Bundesanstalt für Arbeit) has substantially increased its activity and its resources for general measures to promote employment have been supplemented in consequence.

*France*

75. The easing of the situation on the *labour market* which emerged during the last three months of 1973 continued during the opening months of 1974. For, while the French economy had reached the limit of its production capacity, the slow-down of growth at the moment when the energy crisis burst had been reflected in a deterioration in the employment situation (swelling of the number of applications for employment, and increased unemployment).

However, despite the uncertainties created by the energy crisis, the extremely depressive trends of late 1973 were not confirmed. From the middle of the first quarter of 1974 revival in production took place which has been much more sustained than in the other Community countries, thanks to the combined effects of vigorous consumption, exceptional growth of foreign sales, and the Government's will to encourage continued expansion.

Accordingly, during the first six months of 1974, employment continued to grow, albeit at a slower pace than in 1973 (1.7% against 2.5%). As a whole, personnel increases were primarily in the tertiary sector (transport, services, commerce), while in industry the situation remained almost static.

Despite the persistence of a tendency towards an increase in structural unemployment, requests for work have only moderately increased during this period, reflecting mainly a net decrease in the number of young people seeking their first job. During this period, an increase in job offers and placements has occurred. In April 1974 the number of unfilled vacancies was 8.1% more than in December 1973.

The 'freeze measures', introduced by the Government in June 1974 in response to the increasing inflationary pressures and the worsening of the external deficit, put a brake on growth. The combined effects of a slow-down in economic activity and the deflationary drain on domestic demand were felt on the labour market, where the deterioration noticeable from June and July onwards speeded up from August.

Reduction in staff has speeded up in the traditional industries such as coal mining, textiles and leather. The repercussions of the rise in oil prices have been felt particularly in the mechanical and electrical industries, where vacancies have fallen by 53.5% in a year. The branches most affected are motor vehicles and non-military aircraft, but also machine manufacture. The building industry has also been affected (especially building materials), as well as the industries closely connected with it (wood, furniture). Many small firms have gone bankrupt in this sector.

76. In these *sectors*, especially sensitive to any short-term evolution and affected, at once, by a weakening of demand, employers immediately adopted a prudent attitude in the recruiting field, which has reflected a reduction of their staffs (halting of

new recruits, and the leaving unfilled of vacant posts). Due to the weakening economic situation they have also *reduced working hours*, which is at the origin of the accelerating rate of short-time working since the autumn. This is rather disquieting, since it seems that short-time working is frequently a prelude to lay-offs.

Since September 1974 the economic slow-down has affected sectors which had previously been the most active (chemicals, mechanical engineering, metal smelting, services and commerce); and this has led to a new and significant reduction of recruits, and an increase in short-time working, which in December 1974 reached about 200 000. At the same time, an increase in full unemployment occurred in the third quarter of 1974, mainly due to a tripling of the number of bankruptcies in small and medium-sized enterprises during this period.

77. The total number of *job-seekers* was 723 400 in December 1974. This represents a 57% increase (60% after correction), and an unemployment rate of 4.3% of the work force. At the same time the number of *unfilled vacancies* declined by 39.7%.

It is mainly *young workers* in search of their first job who have been worst hit by this decline. In October 1974, 294 533 workers under 25 were registered as out of work (+ 54% in a year) amongst which about two-thirds were girls; this is a little over 45% of the total registered unemployed. Over half of these young workers have to wait from 6 to 12 months to find a job.

The *unemployment of women* also increased considerably in 1974: from 245 971 in November 1973 to 361 050 in November 1974. Female work seekers represented at this date 52% of the total, of which is an unemployment rate of 4.7% of the female working population (against 2.5% for men). The evolution of unemployment was particularly unfavourable for women during the first months of the economic slow-down, increasing the long-term tendency towards an aggravation of female unemployment within the total figure. During the last months of the year, on the other hand, a more rapid increase in unemployment of men belonging to the various professional categories has occurred.

On the whole, it appears that industrial *regions* particularly these in the east have been, and risk to be, the worst affected by the wave of unemployment.

78. The French Government has taken certain *measures* to underpin existing regulations for the protection of workers threatened with either the sack, or short-time working. These measures have resulted in the three following acts:

- (i) *L'accord interprofessionnel* of 14 October 1974 (activated on 2 December) has resulted in a substantial improvement in compensation payments for full unemployment. This agreement gives an assurance that all workers under 60 who become unemployed through economic reasons, and who pay in to UNEDIC,

will receive an allowance equal to the difference between 90% of their full pay and the total of the social and public security payments to which they are entitled, for a period of one year. The entitlement to this allowance is rechecked every three months;

- (ii) By '*l'avenant du 21 Novembre 1974*' the Social Partners agreed to widen the definition of 'collective dismissals for economic causes', and to finalize the regulations and the 1969 agreement on job security. The new agreement acknowledges in particular a greater role for the works' councils and joint committees and increases the time-limit for deliberations;
- (iii) By a *law of 3 January 1975* this 'avenant' is extended to all undertakings with less than 50 but more than 10 employees. In addition the State is expected to accept partial responsibility for part-time unemployment pay within the framework of conventions made between the undertakings and the 'Fonds National de l'Emploi'.

The Government has also agreed, on one hand, to increase the resources of the Agence Nationale pour l'Emploi in order to improve the functioning of the labour market and, on the other, to ensure the highest standards of vocational training. In this respect, a system of job-training contracts, aiming at a smoother entry for youth into the work force, has been established. These contracts guarantee to young job-seekers the benefit of both a job and appropriate job training, financed by State aid to firms.

79. After the adoption of the law prohibiting traffic in manpower and the regularization measures taken in 1973, the new French Government decided in July 1974 to base its *immigration policy* on the following principles:

- (i) strengthening of welfare measures on behalf of migrant workers, particularly as regards accommodation;
- (ii) limitation of entry of foreign workers and their families from outside the Community according to opportunities for employment and reception;
- (iii) increased efforts to combat traffic in manpower and the illegal employment of workers from outside the Community;
- (iv) promotion of the initial training and vocational training of immigrants.

The definition of these guidelines has been accompanied by a provisional halt to extra-Community immigration—confirmed by the Ministerial Council on 9 October 1974. In addition the tax paid by employers taking on foreign labour will be considerably increased.

During 1974 some 64 461 migrants entered the permanent work force, including 11 026 registered from Community countries. Seasonal labour entering during the same period totalled 131 783 workers.



As a result of the Algerian Government's decision in autumn 1973 to stop the organized emigration of Algerian workers, no workers possessing ONAMO<sup>1</sup> cards came into France after 1 January 1974.

### *Ireland*

80. The improvement in the *employment* situation, brought about by the exceptional economic expansion at the end of 1972 and beginning of 1973, continued rather unexpectedly during the first quarter of 1974, in spite of the energy crisis and the slowing-down of the economy which had already begun during the second half of 1973.

The number of persons employed in the manufacturing industries (which represents the greater part of industrial employment) increased by 6 800 during the first quarter of 1974 and by 4 000 during the second quarter, as compared with the preceding year. Similarly, the number of unemployed between the months of January and April fell by an average of 2 200 (3%) compared with the preceding year.

However, the deflationary effect of the increase in oil prices on domestic demand and foreign trade seriously aggravated the economic slow-down during the second half of the year. Overall, the rate of economic growth will have been no more than 2 to 3%, whereas it was 7% in 1973. In order to prevent the situation from getting out of hand and, in particular, to safeguard the employment market, the Irish Government adopted in April budgetary measures intended to maintain domestic consumption. But, in the absence of similar measures in other Community countries, export demand (the motive force of Irish economic growth) cannot remain as buoyant, and the optimism on the part of entrepreneurs which was noticeable during the first three months gave way to a concern which was felt on the employment market.

81. Altogether, it is estimated that 15 000 jobs were lost in 1974 as a result of the laying-off of workers (which increased by 55% during the third quarter), the non-filling of posts becoming vacant, and bankruptcies of undertakings. So far this decrease in employment has particularly affected the traditional, less competitive *industries* such as building (building materials and, more recently, the building of dwellings in the private sector), the textile and clothing and footwear industries.

The decrease of 6 000 jobs a year in agriculture should be added to this. However, this trend might well weaken in the months to come owing to the current economic situation.

In September it was hoped that the creation of jobs outside farming, as had been planned, in particular, assistance from the IDA (Industrial Development Authority)

<sup>1</sup> Office national de la main d'œuvre algérienne.

and through the setting up of branches of foreign undertakings, would compensate for the loss of these jobs. However, since some of the new jobs would probably not be in existence before the beginning of 1975, the rapid increase in unemployment gave grounds for fearing that there would be a more rapid decrease in the number of employed persons before the end of the year.

This trend is aggravated by the return of former emigrants and the substantial fall in emigration over the last two years, which have helped to swell the number of persons seeking employment.

The increase in unemployment which began in May has speeded up since August, extending not only to the traditional industries (mentioned above) but also to certain branches of the distributive trades, motor vehicle assembling and food supply.

82. At the end of December the total number (not adjusted) of *unemployed* was 89 435 which represents an increase of 31.3% compared with December 1973 and an unemployment rate of about 8% of the working population.

A more precise assessment of this deterioration, by not including persons 65 years of age and over (who have decreased in number) and farmers, gives an increase of 37% in 'real' unemployment after adjustment as compared with the previous year. However, these figures do not include young people seeking their first job or former emigrants who are returning, or women who have stopped applying for work. Another indication of this trend is the number of 'new' unemployed persons with a right to unemployment benefits, which has increased from 27 825 at mid-December 1973 to 43 346 i.e. an increase of 56% in one year.

83. During this period (December 1973-December 1974) *female* unemployment rose by 48% (from 11 758 to 17 423) whereas *male* unemployment rose by 25% (from 53 611 to 66 787). In view of the small number of women represented in the working population and in unemployment statistics, these figures reflect a very serious worsening in the situation of female employment. Women, especially married women, may have to give up looking for work at all.

However, it is clear that the great shortage of *skilled labour* in Ireland is not affected by the deterioration in the situation. The desire of employers to keep their skilled labour has moreover helped, to a certain extent, to slow down the fall in the number of jobs in the branches most affected.

Despite the measures taken by the Government, unemployment continued to grow until the end of the year and it is feared that this tendency will continue in the beginning of 1975.

*Italy*

84. In Italy the sudden outbreak of the energy crisis during the last quarter of 1973 marked the beginning of a period troubled by exceptional financial difficulties, and these in turn served as advance warnings of a critical phase in the country's *economic life*.

Italy is in search of a compromise between conflicting requirements: the aim to safeguard the level of employment is at odds with the vital need to restrict public expenditure and public and private consumption and with the urgent needs for a policy of economic restructuring and selective investments.

This dilemma has undoubtedly influenced the creation and implementing procedures of the credit restrictions introduced in spring by the Bank of Italy and of the taxation measures implemented by the Government during summer 1974.

85. In contrast to this background, *industrial activity* continued to grow during the first six months of 1974 and made distinct progress compared with 1973.

*Indicators of industrial output (without the building industry)<sup>1</sup>*

	(1963 = 100)	(adjusted for seasonal variations)
<i>Italy</i>	1973	1974
January	153	182
February	158	181
March	154	179
April	164	183
May	166	177
June	173	182
July	178	181
August	173	170
September	180	184
October	182	174
November	179	.
December	177	.

At the same time there was an increase in the number of wage and salary earners and a fall in unemployment which closely corresponded with the level of economic activity.

<sup>1</sup> Statistical Office of the European Communities.

86. However, a less superficial analysis renders it possible to make more detailed observations with regard to the first half of the year.

Firstly, labour was mainly taken on in the secondary sector, whereas the tertiary sector made appreciably less progress with regard to employment. In respect of agriculture, although there was a considerable decrease in the number of rural workers, the other sectors showed less capacity for absorbing this work force and emigration prospects were also reduced.

Secondly, the rise in production during this favourable phase for industry varied greatly depending on the branch concerned.

87. From July onwards a reversal of the trend began to manifest itself, becoming clearer during the autumn months. Following the reduction in productivity in numerous sectors of the economy, the employment situation deteriorated further during the final months of 1974:

Some large industrial branches then experienced repercussions from the energy crisis and the restrictive monetary policy adopted by the public authorities. The motor vehicle industry, suffering from a growing accumulation of stocks, was obliged to make enormous reductions in hours of work and asked for aid from the *Cassa Integrazione Guadagni* to maintain the wage income of many workers. The building industry, which was affected very early on by the financial and taxation measures, encountered difficulties in the movement upward that had scarcely begun during spring 1974. In correlation with these sectoral slumps, other connected sectors and some 'upstream' were affected, together with some of the industries producing consumer goods, textiles, leather and clothing.

The prospects for the future remain alarming, as not only an additional number of 150 000 to 200 000 unemployed is expected, but also over and above this a wave of returning migrant workers, who could be affected by the reduction in employment in the host countries, would be possible.

88. The official *unemployment* figures, which provide a very incomplete picture of a highly complex situation, show a fall in the number of unemployed persons registered up to July. At that time the total number of unemployed was 944 100, of whom 248 000 were young people seeking their first job. At the same time there was an increase in the number of underemployed workers, i.e. those working short-time, which totalled 233 000.

During the following months there was a constant and sometimes spectacular increase in total unemployment and short-time working.

At the end of October 1974 the number of registered unemployed reached 1 013 800 of which 346 700 were young workers looking for their first job.

The increasing extent of partial unemployment can be seen from the intervention of the *Cassa Integrazione Guadagni* (compensatory payments in the event of short-time working): in comparison with the same months of the previous year the payments were higher in July 1974 by 30%, in August by 40% and in September 1974 by 180.5%. Up until the end of November 1974 compensatory payments were made for a total of 145 million hours of which 38 million were a result of re-adaptation and re-structuring of undertakings. During this period it is estimated that 190 000 workers received this type of payment.

The sudden change in the economic situation appears to have affected both full and partial unemployment—above all in the northern areas. Almost everywhere the engineering and textile industries have made claims for wage compensatory payments; with the increasing deterioration of the labour market more and more sectors of the economy had to do likewise.

89. *Female employment*, which seemed to be increasing during the first half of 1974, was immediately affected by the economic crisis and, according to the information available, female workers account for a large proportion of the increase in total unemployment.

Unemployment amongst *young people* has always been a major social problem in Italy. Economic developments during the second half of 1974 give little hope of an improvement in the near future, especially in respect of young graduates.

### *Luxembourg*

90. The maintenance of a rapid *rate of growth* during the first two quarters of 1974 led to a renewed increase in employment. According to the data of the National Labour Office the number of employed workers in June 1974 was 3.2% higher than a year earlier. It appears that the growth in employment slowed down noticeably in the remaining two quarters of the year, so that the increase in the number of employed workers for 1974 rose by only 2.5%.

91. In fact the number of unfilled vacancies during the period covered by the report fell considerably, although it still remained always higher than the strongly rising number of demands for jobs. Several significant occurrences appeared to point to a change: the number of salaried employees in the private sector no longer increased, and in many industrial undertakings the workers, who left their firms (because they had reached the age limit for pension etc.), were not replaced.

92. In the first half year the number of workers who were not employed in the iron and steel industries increased by 4.5% in order to meet especially the structural

requirements in the building industry and in the artisan trades. This development led to an increased intake of foreign labour.

In the second quarter this development decreased. According to the information of the National Labour Office this tendency would also continue in the final two quarters of the year. During the first nine months of the year the entry of 5 300 foreign workers has been registered.

93. By the law of 10 May 1974, economic and social reconversion measures were implemented for agriculture, commerce and the skilled trades. Their aim was to promote the closing down of agricultural holdings which could no longer be guaranteed profitable. These measures include compensation for the cessation of activities, tideover allowances, and financial aid for re-employment and readaptation, together with vocational training operations.

The sudden appearance of the deterioration of the economic situation from October 1974 made itself felt towards the end of the year by a deterioration in employment. Especially in some undertakings in the chemical industry it was necessary to go on to *short-time work* in order to avoid large dismissals; the government also decided to introduce a system of compensatory payments for short-time workers. A national short-term economic committee was set up to study the situation in industry.

### *Netherlands*

94. In 1974, production developed at a slower pace than in 1973, since the consequences of the oil shortage weighed heavily on the Dutch economy. Despite expansionist measures taken during the year, there was a slowing down in economic activity. The regression noted in the house-building sector in 1973 continued and gradually extended into the non-residential building sector.

Some industries geared primarily to the export market showed an apparent expansion, but this was mainly as a result of rising export prices.

95. The *labour market* was very affected by the declining level of production in manufacturing and the falling-off in the services sector. The total number of unemployed at the end of December was 164 000, or 4.5% of the wage-earning population, meaning an increase of more than 38% in a year, thus exceeding the average forecasts of the Centraal Planbureau for 1975 (155 000 unemployed); it was the worst situation in the Netherlands since 1958. Authorizations for short-time working increased from 200 in August to 590 at the end of November. The number of workers involved increased from 8 300 to 25 800. If short-time working is interpreted as a prelude to later redundancies, the rate of overall unemployment can be expected to increase in the industries in question.

The occupational categories most affected by the regression in job opportunities were workers in the construction industry, engineering and shop and office staff.

A downward trend emerged in the number of vacancies recorded. The seasonally adjusted total at the end of July was 75 300; at the end of August, it was 74 004, at the end of November 62 800, and by the end of December, it was down to 59 000.

Unemployment could well continue to rise above official forecasts and top 200 000. The situation is particularly alarming in the construction industry, where 9% of the force of this sector is now unemployed. The government decided to take special measures for this sector within the framework of its emergency budget of 3½ million florins intended for reflation of the economy.

96. It has been noticed that *young people*, on completing their compulsory education, are registering more quickly and in greater numbers as applicants for jobs at employment exchanges. Whereas the number of young people seeking work in September 1973 amounted to 84% of those registered in August of the previous year, it amounted to 94% on the same date in 1974. This observation is valid for both sexes, since the total number of unemployed young women in the same age group was also increasing whereas a year before there had been a decrease in the number.

The total number of unemployed young people belonging to the under-23 age group was 45 845 at the end of November 1974, amounting for young men to about a quarter and for young women to about a half of the total number of unemployed in their sex. One of the reasons for this, besides immediate registration as applicants for work, is probably the recent introduction of part-time education of one day a week for apprentices aged 15 to 16, which has caused firms to be hesitant about engaging these young people. Another reason is the introduction of a minimum wage for young people which results in an increase in wage costs.

97. Unemployment amongst workers with a university degree or managerial training, which was referred to in the *1973 Social Report*,<sup>1</sup> has continued to increase. Whereas in October 1973 there were 2 380 applicants for jobs belonging to this category, the total recorded at the end of November 1974 was 2 811. Two problems which arise with regard to placing these applicants for jobs are their degree of specialization and the fact that the technicians amongst them, if they have reached middle-age, are not always abreast of recent developments in their profession. Advanced and further training courses should be provided to enable them to acquire the knowledge which they need in order to maintain their level of qualifications.

98. The *geographical* division of unemployment shows that the growth in the registered manpower reserve varies considerably. If March and September 1974 are

<sup>1</sup> Report on the Development of the Social Situation in the Community in 1973, point 78.

compared with the same months of the previous year, unemployment has especially increased in the provinces of Groningen (women), Friesland, Drente, Gelderland and in North Brabant (men) and Limburg (men and women); in the other provinces the increase has been less marked.

99. The fight against unemployment is currently the chief objective of the *employment policy*. Four supplementary employment programmes have been implemented since 1972 and received a grant of Fl. 1 800 million and a new measure has just been adopted for which a budget appropriation of Fl. 600 million is provided. The primary object of this programme is to reduce unemployment resulting from the present economic situation, and concerns certain groups of the working population. The orientation of the measures planned has given rise to criticism, since, according to available estimates, between 100 000 and 120 000 persons are affected by structural unemployment, whereas short-time unemployment due to the present economic situation is reckoned as affecting only about 25 000 persons. Hence it is felt that the efforts made should be directed more towards reducing unemployment of a structural nature.

With unemployment showing a marked increase during the last quarter of 1974 and with strong deflationary pressures adding to persistent structural problems, the government approved a supplementary budget on 16 November 1974 involving a new injection of some Fl. 3.5 billion during 1975 to deal with short-term difficulties. Two billions were set to finance direct tax rebates, investment incentives and lower social security contributions from employers in order to encourage and stimulate recruitment of labour, with the remaining sum being allocated for a later increase in public expenditure especially for construction.

The Minister for Social Affairs has already authorized expenditure of Fl. 200 million on projects under the 1974 programme to safeguard employment. A second programme of Fl. 800 million is being prepared. By the end of November 1974, about 13 100 people were involved in the programme. For 1975, 17 000 new jobs will be created.

The law on selective investment, promulgated on 19 March 1974, concerns the supervision of mergers and expansion operations of firms to avoid over-concentration. Legal instruments provided by this law include a compulsory advance notification, a system of special taxes and of public authorizations.

Amongst the other measures designed to improve the employment situation, mention should be made of subsidies to assist unemployed persons for whom it is difficult to find employment because of their age or because they have been out of work a long time. This aid, which amounts to 30% of wage costs for a maximum of one year is given to undertakings engaging this category of worker.

An arrangement which took effect in February 1974 provides for the granting of a supplement to wages if the unemployed person who returns to work earns a daily



wage less than 90% of the wage which he received in his previous job. There are time limits on this compensation and it gradually decreases.

100. The *foreign labour force* in the Netherlands is estimated at about 160 000 workers of whom more than 40 000 are from Community countries, and are chiefly trans-frontier workers. Of the 120 000 non-Community workers, 75% are from Mediterranean areas.

During 1974 the Government drew up and presented to Parliament the guidelines which they intend to follow in the future with regard to the immigration and employment of non-Community manpower. It intends to pursue a restrictive policy, limiting as far as possible, the use of foreign workers and favouring an improved international division of labour. This policy, if it is approved by Parliament, will mean that:

- (i) only workers from countries which have signed recruitment agreements with the Netherlands will be still admitted, and then only when manpower is not available on the Dutch labour market and the continued activity of the undertaking concerned is in the interest of the Dutch economy;
- (ii) foreign labour will be limited, flexibly, at the level of the undertaking;
- (iii) a system based on authorization for recruitment on request from the employer will replace the current system whereby the worker receives a work permit direct;
- (iv) the employer will have greater responsibility in matters of housing;
- (v) illegal employment of foreign labour will constitute an economic offence and will attract more stringent penalties.

During the first half of the year, 12 086 workers from non-Member States obtained their first work permits. The number of workers from Member States who entered the country at the same period is estimated at about 4 900.

### *United Kingdom*

101. The beginning of 1974, which was a particularly difficult and troubled period for the United Kingdom, created great uncertainty with regard to the economic situation throughout the year, while the *labour market* remained hesitant.

The economic expansion which was the reason for the continued improvement in employment in 1973 already seemed to have slowed down at the end of December 1973, notably because of Government measures aimed at counteracting the ill effects of the overheating of the economy. The energy crisis and the miners' strike subsequently accelerated the deterioration in the situation by obliging a substantial part of the industrial sector to work only three days a week from 31 December 1973 to 10 March 1974; this resulted in a drop of some 3.5% in the GNP.

In addition to the energy crisis, the effects of the miners' strike seemed to put an end to the cyclic improvement and seriously affected the employment situation. Thus, on 7 January 1974 there were 915 000 workers temporarily unemployed. However, despite this initial shock, the consequences were never as dramatic as was feared: mass dismissals were, generally speaking, avoided and the number of workers on short time was no more than 680 000 towards the end of February and about 103 000 when the three-day week ended.

The resumption of production, during the second quarter, went more smoothly than had been expected and the number of vacancies, which had been decreasing since November, began to increase again.

In June 1974 the number of unemployed in Great Britain, adjusted for seasonal variations, was 561 400, which represented an unemployment rate of 2.5% as against 2.6% in the same month of the previous year.

From July 1974, however, the reversal of the trend which had long been feared seemed to have set in, side by side with a widespread and growing lack of confidence.

Between July and September the number of unemployed rose on average by 17 000 a month, whereas production had still not returned to its pre-crisis level. Faced with growing financial problems, heads of undertakings refrained from engaging new manpower and cut down their investments considerably; this contributed towards limiting the stimulating effect of the return to normal.

102. Although a very rapid increase in *unemployment* was expected, this tendency was, on the whole, slight. From November 1973 to November 1974, the unemployment rate for the whole of the employed population in Great Britain increased from 2.2% to 2.7% and the seasonally adjusted number of unemployed from 493 561 to 621 690 (and from 26 862 (5.3%) to 31 566 (6.2%) in Northern Ireland).

This unexpected trend was due to several factors:

- (i) there was heavy recruitment in the public services;
- (ii) the increase in unemployment between July and September did not continue and was attributable, basically, to the response of the employment market (taking into account the time required for reaction) to the shortages created by the drop in production during the first quarter of the year; although unemployment fell in the following months as lost production was made up;
- (iii) private demand was kept up artificially by a more rapid increase in wages and salaries and in prices;
- (iv) the budget of July and November 1974 helped to maintain demand and relieved the severe financial and liquidity pressures of companies;
- (v) since order books were well filled, undertakings with cash difficulties preferred first to reduce their investments, stocks and general expenditure and only

used dismissals as a last resort. During the first eight months of the year 70 000 persons were dismissed as against 57 000 during the same period in 1973, when unemployment was falling.

103. As regards the *sectors*, the employment situation has deteriorated especially in the motor vehicle industry, shipbuilding, textiles and the building industry.

On the other hand, the demand for labour has remained high in the clothing, electrotechnical and electrical equipment industries. Increases in production have been prevented by, in particular, shortages of skilled labour.

Scotland (except for the Glasgow area) has shown the greatest increase in demand for labour as a result of an exceptional development this year following the commencement of drilling for oil.

In the north of England and in Wales, however, job opportunities were very inadequate, as also in Northern Ireland where the employment situation got even worse as a result of the general strike during the second quarter of the year.

According to the latest available figures, unemployment amongst *young people* (under 25 years old) increased by 13% in the year ending July 1974, going up from 154 256 to 174 122. This increase, coming after a marked decrease (-39% between July 1973 and July 1972) due to the raising of the school-leaving age, shows a much more unfavourable development for young men than for adults during this period.

Lastly, between September 1973 and September 1974, *female unemployment* (after adjustment) increased by 15.9% as against 11.1% for men. However, since a large proportion of women work part-time and are not registered when they are unemployed, these statistics do not permit a real assessment of the deterioration in female employment.

The effect of the exceptional circumstances which had influenced the labour market gradually wore off. Thus at the end of the year there was a marked increase in unemployment which continued in the opening months of 1975. This seemed to be the first sign on the labour market of the underlying deteriorating state of the British economic situation in the context of a general economic downturn.

During the first nine months 31 745 foreign workers (excluding Irish), of which 4 900 came from continental Community countries, entered Britain.

### *ECSC Industries*

104. In the ECSC industries, the total number of employed persons has continued to fall. The decrease can be assessed at nearly 32 000. Whereas in 1972-73 1 429 900

manual workers, salaried staff and apprentices were engaged in these branches of activity, the total was no more than 1 398 100 in June 1974.

### *Coal mining*

Between 30 June 1973 and 30 June 1974, the total number of registered workers in the Community's coal mines, which was 646 500 in 1973, fell to 602 300, representing a drop of 44 200 persons or 6.8%. The largest drop occurred in Great Britain, where the number fell by 13 300 (-5%). In Germany, the decrease amounted to 8 700 persons (-4.2%), and in France 8 600 (-9.1%). The number of workers also fell in Belgium (-3 000), in the Netherlands (-3 100), and in Italy (-200).

### *Iron and Steel Industries*

Here, on the other hand, the number of workers rose slightly more than last year. The total increase was 13 600. Great Britain was the only country with a decrease, by 9 100 persons. The total number of workers employed in the iron and steel industry increased from 766 100 to 779 700.

### *Iron ore mines*

The reduction in personnel in this branch of activity continued. Whereas in 1973 there were 17 300 workers, the total registered in 1974 was only 16 100, representing a decrease of 6.9%.

# Vocational training

## Trends within the Community

*105.* The number of projects designed to promote career advancement, advanced training of adults and continuous training have continued to increase and are producing good results.

There has been a marked increase in measures concerning vocational training courses for handicapped people, women and migrant workers.

As regards action for the benefit of young people, a financial aid policy is being drawn up for those young people who are seeking employment after finishing their studies and who attend a training course which prepares them for a specific job. Meanwhile, there is a growing tendency to restrict access of young people to specific university studies depending on the opportunities for employment available.

*106.* Under the Social Action Programme approved by the Council of Ministers at the beginning of 1974, the Commission, with a view to implementing fully the common vocational training policy, proposed and obtained approval for the setting up of the 'European Centre for the Development of Vocational Training'. The principal aim of the centre is to collaborate closely with the Commission in this field.

Particular encouragement will be given to the exchange of information and experiences by establishing selective documentation on developments and research in the various sectors of vocational training and structural problems. In addition, it will coordinate research and carry out, either directly or with the cooperation of national centres, specific projects concerning vocational training.

*107.* The Commission has proposed an action programme for migrant workers in which provisions are made for Community action to improve the technical and vocational training of migrant workers in conformity with the needs of the host country and with a view to reintegrating them into the economy of their country of origin.

A specific measure to facilitate the initial and advanced vocational training of women was provided for in the context of a special action programme to improve the position of working women, in implementation of one of the points in the Social Action Programme.

In the interest of better information on problems and Community initiatives, the Commission made provisions for distribution of the first copies of an information bulletin on vocational training. This bulletin includes articles on current problems, news items of European interest, and numerous book reviews.

*108.* The European Training and Promotion Centre for Farming and Rural Life (CEPFAR) which is promoted by the Commission and the professional and trade union organizations at European level, organized six seminars in 1974 in order to meet the most urgent social needs in the agricultural and rural sectors.

The following themes were covered at these seminars: the problems of hill farming, the establishment of social services in the agricultural and rural areas, the application of Directive 159 concerning the formation of development plans, the management of cooperative societies, the control of cooperatives by their members, and the training of socio-economic advisors.

About 500 people from the nine countries of the Community have taken part in these seminars.

Moreover CEPFAR has undertaken research work for the training of adults in the agricultural and rural sectors and for the harmonization of the level of training in agriculture; this work will be continued in 1975.

## Development of the situation in the member countries

### *Belgium*

*109.* Provisions for the granting of an allowance for social advancement in order to promote the initial and advanced training of adults and continuous training, in accordance with the Royal Decree of 28 December 1973<sup>1</sup> implementing the Law of July 1963, are beginning to bear fruit. Between January and August 1974 a consider-

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<sup>1</sup> *Moniteur belge*, 12.2.1974.

able increase was noted in the number of workers taking advantage of this possibility to attend intellectual, ethical and social training courses (41% of workers in the 26 to 40 age group). For this training, use was made of the national radio and television network and closed circuit television operating by means of mini-cassettes.

The results and advantages of the 'paid time' system (*credits d'heures*) for the social advancement of workers, under the provisions of the Law of 10 April 1973, were less successful than had been hoped during the 1973/74 school year. Special measures have been taken to improve the understanding of employers, workers and educational institutions of the implementing procedures of this recent legislation.<sup>1</sup>

*110.* In the laws referred to, with regard to social advancement and adult training, special attention was given to the training of instructors through the activities of the National Centre for Training and Pedagogical Studies. In collaboration with the National Employment Office, the Centre organized refresher courses designed to fill the gaps existing in the technological knowledge of instructors, foremen and leading personnel of firms. Special training courses are also organized for foreign workers, women (particularly those in the tertiary sector) and handicapped persons.

*111.* The National Fund for the social rehabilitation of handicapped persons, a semi-State body under the jurisdiction of the Minister for Labour and Employment, offers these persons a wide choice of opportunities for vocational training and rehabilitation. When possible it uses training methods designed for normal persons (instruction at all levels and for every type of specialization, trade and commercial apprenticeships, crash courses for adults); but, if the nature of the handicap makes such a procedure necessary, it directs the handicapped person towards special types of training which are part of the national programme (equivalence of school education to vocational training—special apprenticeship contract—vocational training or rehabilitation in a specialized centre subsidized by the National Fund). During the training period the National Fund pays handicapped persons compensation for loss of earnings—except when it is school education which is not equivalent to vocational training—and gives aid towards transport and training costs.

### *Denmark*

*112.* Trials with an experimental type of vocational training (a new system of apprenticeship) which was set up under the law of June 1972<sup>2</sup> have been progressively enlarged: 3 200 students began courses under this system this year, but many candi-

<sup>1</sup> Point 188 of this Report.

<sup>2</sup> Report on the Development of the Social Situation in the Community in 1972, p. 177.

dates had to be refused. In connection with these trials the Minister of Education has carried out technical discussions concerning the advantages related to training in schools and to that part of the training which is carried out in firms. These discussions ought to result in bringing together both these factors of this experimental vocational training.

A committee set up by the Ministry of Education presented a report on the training of technicians. Here a distinction is made between the junior and the senior technical training, the former being carried out between the 10th and 12th year of schooling and the latter between the 13th and 15th years. The report suggests amongst other things the formation of a tripartite council, the president of which would be nominated by the Minister of Education, and in which representatives of the employers' association (DA), employees' organization (LO) and of the Ministry of Education would sit. This council should realize a coordinated and comprehensive system for the training of technicians and should serve moreover as the framework for all discussions on technical training. It was further proposed to organize the senior technical training so that others too, such as for example unskilled workers, can take part in this training.

The employers' organization (DA) and the central trade union (LO) set up a training fund on 1 January 1974 to which the employers contribute Dkr 0.01 for every hour worked. The agreement to set up the fund was reached in the collective agreements of spring 1973. Part of the fund is set aside for the training of all categories of workers in sectors common to all such as cooperation, security etc. The rest is devoted to the training of delegates.

### *Germany*

113. In 1974 further improvements were made in the existing system of vocational training with the entry into force of various laws and regulations:

- The Order of 25 July 1974 amending the Order concerning the occupational and pedagogical qualifications of persons providing vocational training in trade and industry (Bundesgesetzblatt I, p. 1571) extended from 28 April 1975 to 1 September 1977 the deadline by which instructors in trade and industry must furnish proof of their occupational and pedagogical qualifications. Instructors can apply for exemption from examination if they have provided instruction over the last five years without any real interruption or for a total of at least six years since September 1964 (instead of ten years without interruption as before).

The Federal Government hopes that by 1977 about 100 000 instructors will be trained under the programmes organized by the chambers of commerce and the



trade organizations. The television course 'The Training of Instructors', which ran from January 1973 to May 1974, is being repeated from September 1974 and could provide a further 80 000 instructors with the level of pedagogic knowledge required for the examination.

- The Second Law amending the Federal Law on the promotion of vocational training of 31 July 1974 (Bundesgesetzblatt I, p. 1649) increased the required rates and allowances by 20% on average, along with the lump-sum payments for social security, and extended the assistance given irrespective of parental income to older trainees who can expect little if any support from their parents.
- On 1 August 1974 the provisions of the Law amending the Federal Law for the promotion of vocational training and the Law on the upgrading of employment of 14 November 1973 (Bundesgesetzblatt I, p. 1637) came into force. This Law provides for the extension of training facilities to new sections of the population and for financial support so that further sections of the population can also acquire vocational training.

A noteworthy feature of this law is that in future assistance for vocational training may be granted not only to German nationals, migrant workers from other Member States of the Community, to stateless aliens and people who have been granted political asylum but also, in certain circumstances, to immigrants from non-member countries.

*114.* Because of amendments to the regulation of the administrative council of the Federal Institute for Labour on the individual promotion of vocational training dated 28 February and 6 June 1974, the amounts of subsistence allowances and of non-taxable allowances were raised and thereby the individual assistance was considerably improved.

Pursuant to the vocational training law six new sets of training rules and six new regulations concerning the standards for the master craftsman's proficiency examination were introduced in 1974. A further regulation dealt with the standards required in farming skills.

Four of the six sets of training rules mentioned introduced a new system of vocational training for approximately 9 000 young persons in the printing industry: now only four skilled jobs are recognized for training purposes instead of sixteen as before. The principle of phased training is as follows: basic vocational training is given in the first year, separate training in the various jobs follows in the second year, and expertise in the chosen speciality is imparted in the third year. The printing industry is now one of those industries which have adapted their systems of training to take account of the latest technological advances.

On 1 July 1974 a regulation concerning phased training in the building industry came into force as a result of recommendations made by both workers and employers.

This regulation provides for phased training in the building industry, with specific subjects and parts of the course being dealt with at inter-company training establishments. About 50 000 trainees are affected by the new system.

115. The discussions and preparatory work on the revision of the vocational training law of 1969<sup>1</sup> continued in 1974. The Federal Government intends to introduce a draft law in Parliament in the course of 1975. It is presumed that the Government will also make suggestions concerning the financing of vocational training. It should be pointed out in this connection that the committee of experts on 'Costs and financing in vocational training' recommended in its final report,<sup>2</sup> which it submitted in March 1974, that the current system of financing by individual firms should be replaced by a central vocational training fund which would be fed by a levy payable by all employers and proportional to their total wage and salary bill. This idea was opposed by the employers and by the CDU/CSU.

116. The guidelines for the further development of vocational training were laid down in the Government declaration of 17 May 1974, in which the Federal Government, while abiding by the principles that young people should receive skilled training and that vocational training and general schooling should be placed on an equal footing, states that it is in favour of retaining the dual system of vocational training, which, in its opinion, makes for 'a sensible division of the tasks involved and for cooperation between factory, school and, where necessary, inter-company training centres'.

117. In Germany the development of new teaching methods and techniques for vocational training goes hand in hand with the attempts to reform vocational training itself. Such techniques are, therefore, mainly orientated towards the existing curricula or those being developed; techniques are considered not so much from the point of view of their general applicability as from that of their suitability for specific learning situations.

Reacting to the fall in the number of apprenticeships on offer, the Federal Government and the Federal Institute for Labour increased their efforts to ensure that young people, having received individual counselling and detailed information on paper, make the correct choice of career. Special measures were introduced to help problem groups such as handicapped persons.

118. In Germany the right to paid training leave is no longer disputed; nowadays controversy centres round details such as the content and aims of the instruction and the groups to whom such instruction should be available. In 1973 draft laws were

<sup>1</sup> Report on the Development of the Social Situation in the Community in 1973, point 96.

<sup>2</sup> *Idem.*, point 98.

introduced in a number of Länder, providing for the paid release of workers for the purpose of attendance at basic and advanced courses of vocational training, including even some political instruction. In 1974, the first of these laws came into force.<sup>1</sup>

### *France*

119. The rapid development of continuous vocational training, which has been determined since the signing of the national inter-profession agreement on 9 July 1970 and the passing of the law on 16 July 1971, was sustained in 1974 thanks to the efforts made by all parties concerned.

The Government set out the aims of the policy at the meeting of the National Council on 5 February 1974.

The following are to be included in the financial provisions of the State:

- measures to facilitate the entry of young people into working life;
- measures with the object of providing a new qualification for workers in the private sector;
- measures for professional advancement;
- measures in favour of certain categories of workers.

The expenditure in respect of the following is to be borne by the firms and the professional groups themselves:

- measures for harmonization at the place of work and for integrating knowledge;
- measures for professional advancement at the place of work.

When listing the practical steps necessary for implementing these measures, the Government stressed that:

- endeavours to inform and make workers and firms aware of the possibilities available will be continued and intensified;
- the participation of State training agencies in the development of continuous training will increase, particularly as regards the centres of the Association for the vocational training of adults and the establishments of the Ministry of Education;
- the policy of regional decentralization will be continued;
- the provisions for supervising continuous vocational training will be reinforced with the participation of the various departments concerned.

The Government made the following financial provisions: the contribution of undertakings was increased to 1% in 1974, i.e., an increase of one quarter compared with

<sup>1</sup> Point 189 of this Report.

1972 and 1973; the States' endeavours were stepped up, since the budget for vocational training for 1974 was more than FF2 500 million, i.e., also an increase of about one quarter.

120. No collective agreement of any importance has been reached with regard to vocational training which amends or amplifies the inter-trade agreement of 9 July 1970.

Some 111 training insurance funds have been approved; they are jointly administered, cover a very large number of sectors, and function at all trade and professional levels. Under the agreement, the employers' organizations increased to about 150 the number of training structures which they alone control.<sup>1</sup>

The Government undertook to make some improvements to the existing system of collective agreements.

It has proposed that the administrative council of the Vocational training and career advancement Fund<sup>2</sup> should be reorganized in order to allow the CGT, CGC and CFTC to be represented on it and in order to introduce strict equality in representation between the authorities and the trade organizations.

State aid towards the payment of trainees was increased. The allowance given to young people aged 16 to 18 without employment contracts increased with effect from 1 April 1974 to FF320 for a period of prevocational training or preparation for working life and to FF360 for a training course for jobs which require qualifications. The monthly remuneration for beneficiaries of career advancement training not in possession of an employment contract was increased on 1 July 1974 to FF1 800 for levels I and II (degree standard), FF1 550 for level III, and FF1 300 for level IV (secondary school leaving certificate, technical certificate level), i.e. an increase of about 13%.

### *Ireland*

121. There was no new legislation on vocational training enacted in 1974, but the Government's manpower policy which is laid down in the Third Programme for Economic and Social Development acknowledges industrial training as a key element.

In January 1974, AnCO (Industrial Training Authority) issued its plans for expansion in training.<sup>3</sup> It is proposed to increase the number of people trained annually from

<sup>1</sup> Report on the Development of the Social Situation in the Community in 1973, point 101.

<sup>2</sup> Report on the Development of the Social Situation in the Community in 1972, pp. 121 and 122.

<sup>3</sup> Report on the Development of the Social Situation in the Community in 1973, point 105.

3 000 at present to 11 500 (or 1% of the labour force) by 1978. This could help to ensure that an adequate skilled workforce is available on a regional basis to support the expansion plans of the IDA (Industrial Development Authority). As regards AnCO's own training capacity it is proposed to increase this from 1 430 places at present to 4 000 places by 1978.

The total capital cost of the proposed expansion scheme is estimated at £5 million (for the five-year period) with educational costs rising to £10 million by 1978.

A planned programme of extensions to Regional Technical Colleges is under way with a view to catering for modification in the organization and requirements of apprentice training as well as increasing capacity for training certain categories of technicians.

In addition, AnCO continues its pilot scheme of carrying out first year off-the-job training for apprentices and also the scheme for adult (over 21) apprenticeships in the the engineering industry.

Research has commenced and will continue during this period (1974-78) to determine the range and level of courses required to meet the changing needs of training.

122. A series of courses are being run at technical schools with the cooperation of the Department of Education and have two main purposes: to enable unemployed people, particularly in remote rural areas, to see the benefits which training in industrial employment could provide and to enable AnCO to provide training where there is the most need.

Another interesting innovation is the introduction of a training allowance by the Council for Education, Recruitment and Training for the Hotel and Catering Industry (CERT) as an incentive to recruitment.

The Department of Education provides training for certain categories of specialist teachers (woodwork, building, construction, metalwork, engineering, rural science, secretarial skills). Since the inception of these courses 1 876 instructors have been trained of whom 616 were trained in the year 1973-74.

123. In January 1974, the Minister for Health set up a Working Party on the Training of Handicapped Persons for Employment. The Working Party has now submitted its final report to the Minister.

The new Levy/Grant Scheme under the Industrial Training Act started on 1 April 1974 for the Chemical and Allied Products industry. There are now eight industrial sectors covered by Levy/Grant schemes. (i.e. Engineering, Construction, Textiles, Clothing and Footwear, Food, Drink and Tobacco, Printing, Chemicals and Allied Products).

The Irish Management Institute (IMI), a private organization in receipt of an annual

State grant, has embarked on a five-year programme for 1974-78 which provides for longer training and development courses, more in-company intervention, more emphasis on the application of the human sciences to the solution of management problems and deeper and more comprehensive research.

### *Italy*

124. In circular No 8 of 3 June 1974, the Minister of Labour has given instructions to put into operation programmes which provide technical assistance to the 'cadres' responsible for vocational training with a view to shaping a general comprehensive programme of quality for the instructors and training personnel in general.

The Minister of Labour has:

— carried out a *vocational training plan* designed for the benefit of 20 000 workers, who are to be employed in the new industries in the south of Italy. This new experiment has had pleasant results. This polyvalent course was of four months' duration (800 hours) and enabled the workers to acquire a broad basic training thereby facilitating their incorporation into the places at work;

— elaborated projects whereby special operational 'cores' at regional level are to be set up in order to assist the regions to carry out measures which are necessary to:

- (i) recognize the needs of vocational training in terms of the economic and social requirements of the region;
- (ii) prepare measures setting out the aims, contents, methods, means and the places of administration;
- (iii) examine all the abovementioned measures with the administrations, social partners and the local services.

On 1 January 1974 a new collective agreement which was renewed by the Ministry of Labour for the personnel of the vocational training centres came into force and it provides amongst other things for wage increases as well as reduction in working hours (36 hours for teaching staff and 40 hours for administrative personnel).

125. The transfer of many responsibilities from the State to the Regions is drawing to a close. In this process the Istituto per la formazione professionale dei lavoratori (ISFOL—Institute for the vocational training of workers), set up by the Decree of 13 June 1973, began to function as a public organization for research, experimentation and development in the field of employment policy.<sup>1</sup>

<sup>1</sup> Report on the Development of the Social Situation in the Community in 1973, point 108.

In particular, *the research activities* of the Institute were immediately directed towards the exact assessment of the demand for vocational training with a view to establishing adequate coordination between the training measures and the actual needs of man-power policy.

The following factors were considered:

- (i) measures designed to increase knowledge concerning the characteristics of supply and demand of employment with a view to improving the use made of the results by the Regions and the State;
- (ii) measures necessary for making further changes in the apparatus and techniques of production for adapting vocational training methods;
- (iii) measures designed to improve the relationship between vocational training policy and the need for the rapid integration into the working world of the majority of young people who have finished their education, and to provide at the same time opportunities for post-school training by means of 'continuous' training systems linked with periods of 'paid training leave'.

Emphasis was placed on the *formation of groups*, systematizing the various aspects of training around the specific contribution made by organizers and experts (meetings for collective discussions of objectives, setting up of groups to draw up special plans of work, meetings to compare and evaluate results, direction by high-level teachers, initiatives by experts).

### *Luxembourg*

126. The Law of 25 April 1974 set up a 'School of commerce and administration' to prepare people for administrative and commercial careers in the public and private sectors. Instruction, which lasts for two years, is gratis and open to adults in the form of evening courses. There is ample opportunity for admission, either on completion of junior high school studies or at the end of third class of secondary school or any type of 5-year secondary education. The School syllabus concentrates particularly on the study of languages, data processing and economics, social sciences and business studies. Teaching is supplemented by training periods organized by the School in collaboration with public authorities and private industry.

With the Law of 21 February 1974 a 'University centre' was set up to group together university courses and supplementary courses, mainly on the economy of Luxembourg. These are for students entering university and for post-graduates.

127. On 4 July 1974 the Prime Minister explained the programme of the new Government to the Parliament. It concerns vocational training and the policy regarding it

which provides for aid to self-employed workers, agricultural workers and the liberal professions for vocational retraining. The programme also provides for extension of the system of crash vocational training courses and for studies to set up a 'centre' catering for regional needs. It is planned to set up machinery for special allowances to young persons having difficulty in finding suitable employment.

128. The Grand-ducal regulation of 22 February 1974 lays down the procedures for applying the Law of 4 October 1973 on the introduction of 'training leave' for young employed people which is to be used for their civic training and for training as youth leaders. It may also be granted to adults (without age limits) for the completion of vocational training. Each period of training leave is of 12 days and may not exceed a maximum of 36 days in any two years. In the public sector the beneficiaries continue to receive their salaries, while in the private sector they receive an allowance equivalent to their wage, which is repaid to their employer by the State. Training leave for adults may only be taken inside the country, whereas young people may also use it for study periods abroad. The system has been functioning since May 1974, the majority of the agreed proposals concerned the education of adults.

129. Within the framework of the collective agreements for the iron-ore and steel industries a joint committee for questions on vocational training has been set up, which will play an advisory role regarding certain questions on the education of skilled workers.

On the other hand it is foreseen that there will be regular consultations with certain groups of workers.

Finally the following measures should be noted:

- a more systematic form of education for the instructors concerned with the training of apprentices;
- the preparation of special instructors for the training of adults;
- the appeal to organizations, schools and specialist institutes to undertake special technical and non-technical training.

### *Netherlands*

130. As part of the policy to limit unemployment, which showed an increase in 1974, and to meet the growing demand for skilled workers, a vocational training programme has been worked out which will amplify the existing training arrangements.<sup>1</sup>

<sup>1</sup> Report on the Development of the Social Situation in the Community in 1973, point 115.



In the metal-working sector in particular, where there is a great demand for skilled personnel, money from unemployment funds can now be allocated for training purposes, i.e., during the period of training wage costs are met by the unemployment funds. The training costs are mainly borne by the State. The workers' motivation is stimulated by financial incentives paid with the unemployment benefits. The programme was worked out and is being carried out by the State and both sides of industry.

It is expected that this measure, which for the present is being implemented in those regions where the problem is most serious, will bring about an expansion of the activities specified in the legislation introduced in 1973 (training in cooperation with the public authorities and industry).

*131.* Under a new statutory arrangement 15-year-olds receive further general education for two days a week and 16-year-olds for one day a week.

In order to make the negative aspects of this compulsory part-time education more acceptable to employers, who thus lose their young workers for one or two days a week, an allowance of F120 a week is paid to the employer for each of his 15-year-old workers.

By the gradual extension of compulsory part-time education to several days a week for young people up to the age of 18, the Government intends to introduce compulsory full-time education, in which the combination with actual work offers a possible alternative to those young people who have no wish to spend the entire week sitting on a school bench.

It will be 1980 or later before education combined with actual work is introduced on a large scale. The major stumbling-block will be whether industry is willing or able to provide a sufficient number of trainee places. The question of costs will also be of great importance in this matter.

### *United Kingdom*

*132.* The most important event this year has been the adoption of the Five-Year Plan of the new Training Services Agency and the approval of the first-year budget.

The Employment and Training Act 1973<sup>1</sup> established three new bodies, namely, the Manpower Services Commission (MSC) and its two agencies, the Employment Services Agency (ESA) and the Training Services Agency (TSA). The MSC came into

<sup>1</sup> Report on the Development of the Social Situation in the Community in 1973, point 116.

being on 1 January 1974 and the TSA on 1 April 1974. The ESA and TSA are the executive arms of the MSC.

The MSC, acting through the TSA, is responsible for approving the ITB's plans for training within their industries. The TSA has its own budget from which it will provide funds for the Boards' operating expenses and support for key training expenses both in the industries covered by the Boards and in other areas.

In its own skill centres, through its sponsored training, its instructor training colleges, its training within industry scheme and its mobile instructors, and through its financial support of trainees in other training institutions, it will be able to train directly or indirectly for all sectors of employment. It will also be able to sponsor research for all or part of the system and it will be able to disseminate information or recommendations.

Despite these important means of influencing the system, the Agency's financial contribution will be only a marginal one. Even if the Training Opportunities Scheme reaches the target of 100 000 trainees per annum, these numbers will be small compared with the total number of employees receiving training elsewhere in the system either with employers or with other institutions.

In considering how to structure its training activities, the Agency arrived at the following set of major programmes:

1. *Meeting training needs in industry*

This programme will cover all activities aimed at improving training in industry including approval of ITB levy exclusion, exemption and grant schemes; provisions of grants to industry; and provision of direct training services for enterprises and provision for certain direct training services.

2. *Meeting training needs of individuals*

This programme is concerned with needs that are unlikely to be met by enterprises or industry. Its main activity is the creation of training places and support of trainees under the Training Opportunities Scheme.

3. *Improving training effectiveness and efficiency*

This programme comprises efforts to develop and disseminate new training knowledge and methods. Special attention will be paid to managers and training staff.

#### 4. *Managing the TSA*

This programme will cover the administrative functions of the TSA and the development of an effective information service. Special attention will be paid to improving the manpower information available.

#### 5. *Training for immigrant workers*

Special attention is being paid to the training needs of immigrant workers, many of whom have an inadequate command of English. To overcome this problem, the Government has agreed to meet most of the cost of local units which are being set up this year in areas of high immigrant settlement to provide English language training at the place of work. As a means of support for the units, a national centre for industrial language training has been established.

## Industrial relations

### Trends within the Community

133. At *Community level*, the Commission and the trade union and employers' organizations existing at European level devoted their meetings to the preparation of measures relating to the priorities of the Social Action Programme, taking into account the timetable adopted in the Council Resolution of 21 January 1974.<sup>1</sup>

At numerous meetings held throughout the year the Commission was concerned to involve the workers' and employers' organizations closely in every stage of its work. Thus, as the proposed measures<sup>2</sup> were being prepared, these organizations were able to express their opinions on:

- The setting up of a European Centre for the Development of Vocational Training;
- A Directive on the harmonization of the laws, regulations and administrative provisions of Member States regarding the retention of rights and privileges by workers in the event of mergers, transfers and amalgamations of undertakings;
- An action programme for migrant workers from the Member States or non-member countries;
- A set of measures designed to ensure equality between men and women as regards access to employment, training and career advancement and as regards working conditions, including pay;
- An action programme relating to hygiene, industrial safety, workers' health and job improvement, beginning with those sectors where working conditions seem least acceptable;
- Specific measures to combat poverty.

134. On the *global level* of relations between Community institutions and the representative organizations of workers and employers, it should be noted that the

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<sup>1</sup> OJ C 13 of 12.2.1974.

<sup>2</sup> Report on the Development of the Social Situation in the Community in 1973, points 8 and 9.

participants in the Conference on European Social Policy held on 16 December 1974<sup>1</sup> (Ministers of Labour of the Member States, workers' and employers' organizations and the Commission) have stressed the need for the extensive involvement of the social partners in the formulation and implementation of social policy.

135. The structural adaptation of trade union organizations to the economic and social integration of Europe continued throughout (1974).<sup>2</sup>

At its meeting in Brussels on 7 March 1974, the Executive Committee of the European Trade Union Confederation accepted the application for membership submitted by eight national Trade Union Confederations (from Belgium, France, Luxembourg, the Netherlands, Spain and Switzerland), which until that date had been part of the European Organizations of the World Confederation of Labour (EO-WCL), and from the Finnish Confederation (a long-standing member of the ICFTU) and the Irish Confederation (which had never been a member of any international trade union grouping).

The special Congress of the ETUC, held in Copenhagen on 23 to 25 May 1974, ratified the acceptance of these applications, along with those of the Danish and Maltese organizations, bringing the total membership of the ETUC to 33 million. The Congress, which was also requested to decide on the application for membership from the Italian trade union organization, the CGIL, instructed the Executive Committee to discuss the matter further and to decide the question of this organization's membership without Congress having to reassemble.

For its part, the Executive Committee of the EO/WCL, after taking due note of the decisions taken independently by each of the national members of the EO/WCL to join the ETUC, declared at its meeting of 29 March 1974 that the trend towards the structural unification of the European trade union movement was necessary in order to defend and promote the interests of workers *vis-à-vis* the power of European and multinational employers and the European institutions. The dissolution of the EO/WCL was announced at a special Congress held in Luxembourg on 31 May 1974.

Subsequently, at its meeting of 9 July, the Executive Committee of the ETUC decided to accept the application for membership submitted by the CGIL. The ETUC now represents 37 million European trade unionists.

136. The gradual *unification* of the European trade union movement, initiated by the national Confederations in the various countries of Europe, has also begun to have effects at the level of the *sectors or branches of industry*.

<sup>1</sup> See Introduction, point 11.

<sup>2</sup> Report on the Development of the Social Situation in the Community in 1973, point 127.

Meeting on 4 and 5 July at Salerno, Italy, the trade unions concerned unanimously adopted a statute setting up the European Federation of Building Workers and Wood Workers in the Community. All trade unions in the Member States of the European Communities which include workers in these two industries will be eligible for membership of this new Federation provided that they are members of a Confederation represented in the ETUC.

The second general assembly of the European Metalworkers Federation (EMF), which was held in Frankfurt on 30 and 31 October 1974, decided to make membership of the Federation available to professional organizations of metalworkers of the Christian persuasion. Amongst the aims of the action programme adopted on that occasion, mention should be made of the setting up of a European Standing Joint Committee between the EMF and the employers' organization for the metallurgical industry.

A European Committee of unions in the food, tobacco and catering industries was established in Luxembourg on 7/8 November 1974. Union organizations in the nine Member States, which hitherto have constituted the European organization of the WCL in these sectors, are affiliated to the new Committee. Provision has been made in the Committee Statutes for the future affiliation of other trade unions in Western Europe.

137. At the abovementioned special Congress held in May 1974, an action programme for the ETUC was adopted and unanimous support was given to a resolution which will act as a reference charter for the joint measures to be undertaken by member organizations in order to bring about the *Workers' Europe*.

To ensure that both the population at large and the workers benefit from a growth geared to individual and collective needs—such is the basic objective assigned by the ETUC to European society, an objective which can only be achieved by instituting democratic planning and control of the economy.

The ETUC, for its part, has undertaken to promote economic and cultural democracy, respect for human and trade union rights, full and better employment in all regions of Europe, security of employment and guaranteed incomes, equality of opportunity and social entitlement for foreign workers, the abolition for all forms of discrimination between men and women, the redistribution of incomes and surplus wealth to ensure greater social justice, the improvement of public facilities, the fight against inflation, the protection of the environment, the stimulation of regional development, the humanization of urban and industrial life, *détente* between Eastern and Western Europe and the redefinition of the relationship between the developing countries and Europe.

138. Development on the *energy market* and the persistent problems arising from these

developments were not overlooked by the European Trade Union Confederation (the ETUC).

At a special conference held in Luxembourg on 15 and 16 March 1974, the ETUC called for coordination action at European level to deal with the energy crisis. The conference stressed the need to prevent the repercussions of the present situation from adversely affecting those social classes who were already underprivileged and from delaying the economic development of the Third World. The ETUC also called for two European conferences: the one would propose measures to be taken to ensure full employment and the improvement of the living standards of the working classes and the other—bringing together the Community institutions, the Member States, the employers and the trade unions—would represent a first step towards the setting up of a Standing Committee for joint European action on energy problems, thus giving the trade union movement an effective role in decision-taking in this field.

Energy problems were again the subject of discussion at a conference held in Liège from 15 to 17 October 1974. In a resolution passed at the conclusion of this meeting the ETUC indicated the main guidelines for measures to deal with the present difficulties. The ETUC regretted, however, that the Commission document 'Towards a New Energy Policy Strategy for the European Community' proposed no specific measure for the achievement of the overall objective, namely, Community independence in respect of energy supply. The ETUC also requested that a decision to develop the use of nuclear energy should be preceded by thorough investigations, in view of the uncertainties and risks associated with this form of energy (guaranteed supplies of nuclear fuels, safety of installations, protection of workers and the population, respect for the environment, etc.). Moreover, the ETUC stressed that measures designed to save energy must neither accentuate present social inequalities nor entail any unemployment as a result of an economic recession. As regards the organization of the petroleum market in particular, the ETUC proposed the setting up of:

- a 'European Central Office for Petroleum Supply', with special responsibility for negotiating business and economic cooperation agreements with the producer countries, organizing a strict supervision of the activities of multinational companies, taking action on prices and research development and ensuring a fair distribution, in accordance with appropriate criteria, of the petroleum available among the countries of the Community in the event of supply difficulties;
- a 'European Public Company for the Supply of Petroleum Products', with the task of buying petroleum from the producer countries and providing for its transport, refining and distribution;
- an 'Energy Fund' which would be financed by contributions from Member States and would cover the activities of the two new bodies.

Finally, the ETUC proposed, in the interests of a common energy policy, that the

necessary powers be accorded the relevant Community organs, and that an energy committee be established in which workers' organizations are represented and also have the right to submit recommendations to the Commission or the Central Office.

139. The problems raised by the growth of *multinational companies*, particularly the effects on working conditions and terms of employment for wage and salary earners belonging to the undertakings in question, remained a principal topic for discussion.

The trade union and employers' organizations existing at Community level made known their position on the communication forwarded by the Commission to the Council in November 1973 concerning the place of multinational companies in the context of the Community regulations.

In a statement made on 7 January 1974, the Union of Industries of the European Community (UNICE), after emphasizing the advantages of multinational companies and the need to prevent any improper activities on their part, had some criticism to make of the Commission. In the opinion of the UNICE, the Commission proposals show a lack of balance, since they are insufficiently integrated into the wider framework of Community industrial policy and the Commission's choice of priorities does not seem altogether logical. On the other hand, the UNICE stressed the need to ensure a general application of the envisaged measures in all industrial countries, and concurs with the Commission's view that better information on the activities of the multinationals is necessary.

In its statement of 24 and 25 January 1974, the European Trade Union Confederation (the ETUC), after acknowledging the potential contribution which multinational companies could make to economic progress and a rapid improvement in living and working conditions, demanded that political bodies should intervene wherever the activities of such companies went against the general and public interest. As regards workers' protection, the ETUC requested that multinational companies should be obliged to supply workers' representatives with regular information concerning the management of the company, to set up group works' councils or to call meetings of the members of the various works' councils belonging to the same group of companies. Furthermore, it was considered indispensable that the Commission should adopt measures to ensure the protection of workers in the event of mass dismissals and mergers of undertakings. Lastly, the ETUC was of the opinion that multinational companies should conduct their affairs not merely in accordance with legislative provisions but also in accordance with principles set forth in a code of conduct.

For its part, the European Organization of the World Confederation of Labour (EO-WCL), in a statement dated 1 February 1974, declared that it shared the concern felt within various Community institutions as regards the behaviour of the companies in question but pointed out, on the other hand, that the Commission had taken up too favourable an attitude towards these companies and that the scope of its proposals



was too limited. In the opinion of the EO-WCL, the Community should consider measures to reduce the freedom of action of such companies and thus establish a balance between the authorities and the trade union movement on the one hand and the management of such companies on the other.

The ESC and Parliament also delivered opinions on the subject of the abovementioned communication. The policy discussions which the Council was to hold on the Commission proposal during the first half of 1974 did not take place.

At its plenary session held on 26 and 27 June 1974, the Economic and Social Committee, while acknowledging the economic and social advantages accruing from the growth of multinational companies, stressed the need to deal with the problems which such companies create at economic, social and fiscal levels. In the opinion of the ESC, the geographical context of the solutions proposed by the Commission should be widened to include non-member countries, by means of negotiation and through the channels of the appropriate international institutions, so that companies of Community origin are not discriminated against in favour of multinational companies whose headquarters are situated outside the Member States. As regards the protection of workers in particular, the Opinion of the ESC stressed the need for branches of multinational companies to be integrated into the social structure of the host country and to meet their obligations under the labour laws and collective agreements in force in the countries where their operations take place. It was recommended, moreover, that provision should be made to allow workers a greater say in the decisions taken within the company concerning matters of particular interest to them such as employment, working conditions, wages and salaries, health protection and the prevention of occupational risks, housing policy, etc.

In a resolution adopted at the plenary session of 9/13 December 1974, Parliament, noting that the development of multinational companies had a beneficial effect on productivity, technological progress and management methods, pointed out that the decisions taken by such companies posed problems in the fields of employment, competition, taxation, international monetary relations and guaranteed supplies of certain raw materials. Parliament expressed its support for the Commission's initiative, heartily approved the measures designed to protect workers against mass dismissals and the consequences of mergers, transfers and amalgamations of undertakings, stressed the need for better information concerning the activities of the abovementioned companies and, lastly, deplored the fact that the Commission had scrapped the idea of a code of good conduct.

At world level, in the course of the meeting held in Geneva under the auspices of the ICFTU, delegates from European socialist parties, leaders of several international bodies and representatives of trade union organizations in Europe, Asia, Africa and America examined the problems posed by multinational companies. At this first meeting, which will be followed by two meetings per year, the point was made that

control of foreign investment is the key to effective supervision of multinational companies. It was also stressed that such companies must comply with national legislation on social and fiscal matters and that the accounts, balance sheets and future plans of such companies must be made public. In addition; the ICFTU instructed its member organizations to request their governments to support the United Nations proposal for the setting up of a commission on multinational companies. This commission, as envisaged by the UNO, should consist of experts acting in a personal capacity and should include representatives of the trade unions.

140. In the context of employer-worker relations, the Commission considers as significant the fact, that the directive on *mass dismissals* which was approved by the Council on 17 December 1974 contains a compulsory consultation and negotiation procedure between employer and worker representatives prior to the dismissals being effected. A similar procedure is envisaged in the proposed directive on the approximation of legal provisions in Member States on the retention of rights and advantages of employees in the case of mergers, takeovers and amalgamations which the Commission presented to the Council in April 1974.

These Commission initiatives are consistent with the goals of the Social Action Programme which foresee the progressive involvement of workers or their representatives in the life of the undertakings and the factories of the Community.

## Development of the situation in the member countries

### *Relations between Governments and the two sides of industry*

141. In *Belgium*, where the general economic and social situation has created some difficulties in relations between the Social Partners, there is a discernable tendency for more intensive collaboration and cooperation between the government and the Social Partners over employment and price problems.

The National Committee for Economic Expansion, a tripartite coordinating body, was consulted on a plan to fight inflation. The measures proposed by the Government include budgetary measures, the encouragement of savings, a credit squeeze and price control, while ruling out a standstill on prices or pay. An agreement was reached on several points contained in this plan.

During the last quarter of the year the Committee was heavily involved with problems of employment policy, anti-inflationary measures, and the reflation of the economy.

For their part, the Central Economic Council and the National Labour Council examined the options for the 1976-1980 economic and social plan. The opinion delivered on 1 July 1974 attached special importance to the quality of life—now one of the main aims of economic and social planning—the development of collective facilities, the redirection of private consumption and an end to all forms of waste, the fight against pollution and the protection of the environment and the better use of leisure time. Opinions differed on the role of public enterprise and on the aims and methods of an incomes policy.

A Royal Decree of 8 April 1974 set up a Petroleum Coordination and Control Committee, which include representatives of employers' and workers' organizations, representatives of employers' organizations in the petroleum sector and a Government delegation. This Committee, which is similar to other bodies exercising control over key sectors on behalf of the State and society, acts as an advisory body for production, distribution and marketing problems in this sector, for the fixing of prices for petroleum products and for investment planning and forecasting in this sector. The Committee can make recommendations and is empowered to carry out investigations.

When the holiday period ended in September, in an atmosphere of great anxiety, because of the increasing rate of inflation and fears of further unemployment, the trade union organizations requested that the battle against inflation should be waged by taking adequate measures on prices and taxation (indexing of tax scales and fairer distribution of social security contributions) and that the level of employment should be maintained by the adoption of structural measures and the implementation of the resolutions of the National Employment Conference of 1973.<sup>1</sup> In this connection it should be pointed out that the Conference's recommendation that workers aged 60 or over should be granted a supplementary unemployment allowance (the so-called 'pré-pension') resulted in the signing of a collective agreement for all trades within the National Labour Council on 19 December 1974. Corresponding collective agreements for individual industrial sectors were already concluded, the benefits being paid by the employers undertaking the dismissals to the worker up to his pensionable age.

142. In *Denmark*, adverse economic developments and measures to deal with them have influenced industrial relations during 1974.

The raising of taxes on a wide range of consumer goods precipitated a wave of short strikes during the first half of the year. The high rate of inflation has caused demands for substantial pay increases, and whilst both the LO (workers) and the DA (employers) have expressed public opposition to state intervention in collective bargaining, the Government indicated that it would effect certain fiscal changes if wage settlements exceeded certain limits.

<sup>1</sup> Report on the Development of the Social Situation in the Community in 1973, point 131.

The possibility of some degree of coordination between the social partners and the Government was not excluded, nor was resort to an incomes policy. The reduction of direct personal taxation for many workers in September seems likely to influence negotiations for the national wage agreement envisaged for 1st March 1973.<sup>1</sup>

143. In *Germany*, 'concerted action' consultations between the Government and both sides of industry were held in January, June and September 1974 in order to discuss the current economic situation. Both meetings ended with a joint declaration that each party would bear the stabilization of price levels in mind whenever they made decisions individually. The Government and the central bank were warned against overdoing their policy of restraint by the employers and the trade unions, both sides of industry advocating the same course but for different reasons. At the meeting in June the 'concerted action' group was mainly concerned with the situation on the labour market and with employment policy. It was unanimously agreed that every means of boosting and safeguarding the labour market should be used in order to prevent unemployment.

As regards the menacing rise in rates of inflation, the President of the Federal Association of German Industry more than once suggested during the spring of 1974 that the State and both parties to the collective agreements should be prepared to join in a so-called stability pact. Since the employers' organizations could not guarantee, however, that their member firms would keep to jointly agreed restrictions on price increases, the trade unions lost any interest in discussing this proposal for a stability pact. The Federal Government also showed little enthusiasm for the proposal.

The most serious trial of strength came between November 1973 and February 1974, with the negotiations on wages and salaries for public servants, the State (Federal, Regional and Local authorities) being directly involved as one of the parties to the collective agreement. Although the agreement on public servants' pay was reached under strike pressure, there were no signs that either Government or Parliament wished to interfere with the autonomy of such negotiations, which is protected in the constitution.

The trade unions continued to press for the implementation of the proposed Government reforms in the fields of co-management, asset-ownership and educational policy.

144. In *France*, no major event affected industrial relations during the first few months of the year. After the election of the new President of the Republic, the trade union organizations unanimously requested that he should keep the promises made during the election campaigning. The economic recovery plan prepared by the Government in June evoked reactions from the trade union and employers' organizations. Whereas the CFDT and the CGT made clear their hostility, albeit in moderate terms, the CGT-FO, the CGC, the CFTC and the employers' organizations expressed reser-

<sup>1</sup> See also Chapter V.

vations concerning the draconian measures taken with regard to credit, which might well limit investment possibilities and threaten the stability of the employment situation in the short term.

In his declaration of 27 August 1974 the President of the Republic stressed the need to combat inflation, to press on with the transformation of French society by means of liberalization measures in several fields, to undertake the reorganization of companies and to plan the political unification of Europe. Reacting to this declaration, the trade union and employers' organizations pointed out that in the areas of greatest interest to them—prices, inflation, purchasing power, employment, working conditions and trade union law—the changes heralded by the President of the Republic were a long way from becoming reality.

*145. In Ireland* relations between the social partners and the government have assumed greater importance as a result of the adverse economic situation, rising unemployment, balance of payment difficulties and rapid price increases.

Although the government has not intervened directly in collective bargaining, it has indicated its conviction that voluntary wage agreements concluded at national level are the best basis for economic development, stability and job expansion. During the negotiations of the 1974 Agreement, it did indicate the possibility of changes in personal taxation, and this appears to have encouraged the conclusion of the Agreement.

The government convened a meeting with both sides of industry in September at which it stressed the seriousness of the economic situation and pledged its support for protecting employment.

The tripartite National Economic and Social Council acts as a forum for discussion on labour market and income distribution problems. Its first report was issued in April, and a joint report on the economic situation was published in November 1974.

*146. In Italy*, the difficulties arising from the energy crisis and the country's general economic and financial situation affected the relations between the Government and the workers' organizations.

While the Government stressed the need to maintain the value of the currency by keeping the balance of payments deficit within acceptable limits, the trade union organizations, on the other hand, stressed the need to raise wages and salaries in accordance with the increasing rate of inflation and to safeguard the level of employment. By having recourse to general strikes, the trade unions showed their hostility to the deflationary aspects of the Government's economic policy and emphasized their wish to see the implementation of structural reforms of an economic and social nature. Thus, the meetings between the Government and the workers' organizations

have facilitated a useful exchange of views only on the possible short-term solutions, on general matters (employment, development model, investments, fight against inflation) or on sectoral problems (prices, housing, health services, schools, transport, agriculture, Mezzogiorno).

The employers' organizations were critical of the Government's restrictive measures in the fields of credit and taxation and pointed out that such measures mainly affected the productive elements in the economy but failed to take action on the parasitism and inefficiency in the public sector. They have moreover stressed the need to define more clearly the options available in the industrialization process and to examine the social and economic changes associated with it. Furthermore, they have identified those areas within the framework of industrial policy for which there is a degree of consensus about a general mobilization of political *forces* by both the employees' and employers' organizations.

After the summer holiday period, the workers' organizations demanded that pensions generally, and particularly lower pensions, should be increased by an appropriate amount and that future adjustments should be pegged to wage and salary trends. Furthermore, as regards prices, the workers' organizations requested the Government to strengthen the means of control over speculative dealings involving prices, to improve the operation of the Interministerial Committee on Prices, to open negotiations on reduction of the charges for public services, to stimulate the public works' activities and to realise the reform of the public health service.

147. In *Luxembourg*, relations between the Government and the trade unions and employers' organizations were not influenced to any considerable extent by the economic crisis which in fact affected the Grand Duchy much less than other Community countries. In addition, the new Government constituted in June 1974 with its particular composition contributed to the easing of tensions that had been appearing between the trade unions and the previous government, with a result that collaboration between the public authorities and the trade unions was improved. The various governmental measures taken to combat inflation thus received the consent of both sides of industry.

As is usual each year, the government presented the Economic and Social Council with an account of the economic, financial and social developments in the country together with a report on the policies envisaged for these areas of activity. The government's programme was mainly concerned with a reinforcement of social arrangements, a fair distribution of national income and an increased support for under-privileged population groups.

These documents were the subject of an opinion unanimously adopted at the plenary meeting of the Council on 25 June 1974. While stating its position on the various aspects of the Government's policy the Economic and Social Council hopes for the

setting up of a ministerial committee for economic, financial and social coordination. It expresses the wish that the idea of an orderly and continuous dialogue should be put into practice, thus enabling the Council to play a fuller part in the preparation of government policy. In accordance with this wish the new Government has declared its willingness to set up such a ministerial committee.

148. In the *Netherlands*, following the energy crisis and the rises in the prices of raw materials, Parliament adopted enabling legislation relating to distribution of incomes and protection of employment in 1974, giving the Government wide powers in the matter of incomes policy.

The Minister of Labour declared that the determination of the conditions of employment after 30 November 1973 were to be based on this law, thus having the effect of making certain improvements a statutory obligation, as for example, the threefold payment of Fl. 15 and a cost of living increase. The introduction of improvements has been effected during the period of collective agreements, and minimum cost of living increases were laid down.

The period of validity of the law was limited to 1974, and discussions took place in the autumn between the Government and the social partners to examine the possibilities of a national agreement for 1975. More than hitherto discussions touched on problems beyond the actual conditions of employment.

149. In the *United Kingdom*, the beginning of 1974 was dominated by the conflict in the coal industry caused by the Conservative Government's determination to pursue and defend Stage III of its statutory pay policy and the miners' determination to secure pay increase outside that policy's limits.<sup>1</sup> The mineworkers' union imposed an overtime ban and, after protracted but unsuccessful attempts involving the TUC to resolve the dispute, the Government declared a state of national emergency.

With the dispute unresolved, a general election was called for February, the result of which was a minority Labour Government. This Government used the powers conferred on the Secretary of State for Employment under the previous Government's Counter Inflation Act to settle the dispute as a special case.

The change of Government brought about a change in the relations with the unions and the employers. The new Government was pledged to abolish the state's intervention in the collective bargaining system; this was effected in July. The statutory policy was replaced by a voluntary policy, to which the unions pledged themselves, contained in a Social Contract agreed between the TUC and the Labour Party whilst in opposition. The employers' organizations have welcomed the pay policy elements

<sup>1</sup> Report on the Development of the Social Situation in the Community in 1973, point 138.

but consider likely to be inadequate to contain future pressures in the collective bargaining system.

Cost of living pay increases introduced by the last Conservative Government have operated during 1974. 10 threshold payments have been made under these arrangements giving a maximum increase of £4.40 per week. A second general election in October resulted in a Labour Government having a small overall majority. The legislative and other policies operative or envisaged before the election continued afterwards.

### *Relations between employers and workers*

150. In *Belgium*, sectoral collective bargaining—now more and more frequently preceded by consultations with shop stewards and workers, at all stages of negotiations—were as usual mainly concerned with wages, salaries and other payments. The scope of the negotiations widened to include security of employment and the quality of the working environment.

As regards security of employment, the measures agreed on mainly relate to payments intended to supplement the statutory benefits. As regards the quality of the working environment, mention must be made of several measures relating to night work, shift work, rates of work, safety and the organization of work. Noteworthy, too, is the increased number of 'pré-pension' schemes for those aged sixty or over. The periods of notice required in the various sectors, whether by way of exception or in addition to the statutory periods of notice, were also tending to be increased.

Wage and salary negotiations tended to move slowly but surely down from sectoral level towards company level and agreements were implemented for shorter periods than in the past, a development which clearly reduces their stabilizing influence. The machinery whereby wages and salaries are linked to the cost of living index, an important element in peaceful industrial relations, underwent adjustment in various sectors, the tendency being towards more rapid adaptation of wages and salaries by shortening the reference or implementation periods.

As in 1973, industrial conflicts in the form of strikes or stoppages affected many companies and centred around employment problems (collective guarantees of employment or protection against the arbitrary dismissal of individuals), around questions of pay or grading or around questions relating to the working environment. Several of these conflicts involved forms of industrial pressure rarely used until now: the occupation of company premises by the workers, the sale of company products by workers and lock-out tactics on the part of the employer. In this connection a judg-



ment by the Commercial Court at Nivelles in December 1974 is particularly significant. The Court authorized the replacement of the director of an undertaking by a workers' committee. This was formed spontaneously and was charged by the Court with the technical and financial responsibility of the undertaking.

After the end of the holiday period, in September, within the framework of negotiations over a new social interoccupational programming agreement, the trade unions made a claim for the introduction of a minimum wage of Bfrs. 15 500 gross per month for all workers aged 21 or over, recommended that the holiday bonus for the fourth week of holidays should be doubled and submitted claims regarding the age of eligibility for retirement (giving entitlement to early pensions and 'pré-pensions' in certain cases).

Confronted with the trade union claims, the employers' organization (Fédération des entreprises de Belgique) stressed the need to safeguard employment and the competitive power of the Belgian economy, pointing out that a gap might well open up between production costs in Belgium and those abroad and that this could present a serious threat to employment and standards of living.

In spite of the differences of opinion in the rather difficult negotiations, the social partners succeeded in concluding a new agreement for 1975-76 on 18 December 1974. This agreement goes a long way towards meeting union demands, in particular with respect to minimum wages, holiday pay, pensionable age and earlier pensions, wage equality between men, women and young workers, working time, the pace of work and production, mass dismissals and transport costs.

On 13 November 1974, an agreement was concluded for the whole of the public sector, between the Government and the unions. This agreement alters the indexation calculation for salaries from 1 July 1975 and also provides, in the meantime, for additional payments based on cyclical changes.

151. In *Denmark*, relations have been strongly influenced by pay demands to compensate for inflation. These demands and reactions to increases in taxes on many consumer goods contributed to industrial stoppages, whose total for the first half of 1974 exceeded that of the whole of 1973. The use of the short (less than 2 days) strike seems possibly related to the Labour Court Act provision which exempts strikers in such actions from fining.

Following the LO's denunciation of the negotiation rules in 1973, new rules had to be agreed before negotiations for the agreement intended to commence 1 March 1975 could begin. In October new 'guidelines' were agreed under which submissions for changes in the national agreement must be ready by mid-November. These proposed changes are then intended to be separated into general and special demands, the former negotiated by the LO (trade unions) and DA (employers) the latter by the social partners at industrial level. The bargaining procedure is to be completed by

February. Provision exists for the intervention of a state mediator in negotiations at industrial level.

Cooperation Committees provided for under a national collective agreement have been established in 65% of DA federated undertakings employing more than 50 workers, and 15% in those employing between 30 and 50. The total number of committees in 1974 was 674 in 1 044 undertakings. Larger undertakings have in general been more successful in establishing and operating the committees.

152. In *Germany*, differences in view have existed between the trade unions and the employers over important economic and social policy problems, and discussion on the introduction of parity co-determination has, in particular, been extensive. Different views have been held by the social partners as to economic measures suitable for dealing with rising prices and employment problems. Employers have contended that wage increases should be contained to less than 10% whilst the unions have viewed this as a sided stabilization policy. The unions assert that the rising cost of living makes it essential to secure the workers living standards reached hitherto. In spite of difficult negotiations there were no major industrial conflicts, although there was a strike in the public service sector in the beginning of the year. Further developments in collective bargaining reflected the differing positions of the parties involved as influenced by the differentiated cyclical effects in various sectors. An important topic in industrial relations discussions has been that of a prohibition of lock-outs.

A further issue of some importance has been that of the humanization of work. In this connection the DGB held a conference on the economic and social tasks involved with humanization in May 1974. The conference emphasized the significance of collective bargaining and co-determination as means for securing the humanization of work.

The relations between the trade unions and the employers were marked by the controversy surrounding the views put forward in August by the Federal Union of Employers' Associations concerning fundamental issues of social policy.

In this document the employers outline their position on democracy, the State, trade unions, property and freedom and state their views regarding economic policy objectives, incomes policy, the relationship between men and work and social welfare. The employers declare their willingness to cooperate with the trade unions but reject the idea of co-management on an equal footing. They are basically in favour of a wider distribution of wealth, including productive capital. In order to take the acrimony out of this issue and to provide a basis for an effective anti-inflation policy, the employers put forward the idea of wage increases not pegged to the cost of living index. In the opinion of the employers, such index-linking makes no contribution towards the redistribution of wealth.

While sharing this point of view, the trade unions consider that the employers' thinking fails to indicate any new approach. The subordination of trade union policy on wages to the employers' ideas on prices and the redistribution of wealth, put forward as a temporary solution to the conflict over these issues, stemmed from a completely unrealistic assessment of the situation, since there was no talk of a prices freeze in this connection. As for co-management, the employers refused to acknowledge that workers had a right to some say in decisions affecting their interests, as expressed in the idea of co-management on an equal footing.

153. In *France*, the beginning of 1974 was characterized by a lack of industrial conflicts, which, if they did arise, were usually limited to one company. The LIP affair was settled by an Agreement signed on 26 April 1974, which guaranteed jobs and the survival of the company. In the Lorraine coalfields the main cause of strikes was the question of job evaluation. In the Nord, Pas-de-Calais and Centre Midi coalfields, protest strikes were sparked off by problems associated with the Government's plan for the coal-mining industry.

One conflict did, however, affect a whole sector of the economy, namely the banks, whose operations were disrupted by action, including sit-in strikes, in support of claims for improved terms of employment and pay increases.

With the presidential campaign, the industrial relations front was again characterized by an almost total absence of conflict.

The various agreements reached in the main sectors of the economy during the first half of 1974 dealt almost exclusively with wages and salaries and were concluded in the oil, metal-working, construction and public works (Parisian region), natural textiles and clothing sectors.

Whilst in the private sector the CNPF (the French employers' organization) resolved to maintain the purchasing power of wage-earners, without increasing it, the Government's wage policy for the nationalized sector provides for a raising of purchasing power by an amount of up to 2% by the end of the year (e.g. in SNCF and RATP agreement). Nevertheless, the agreements in the private sector, reached under considerable trade union pressure and accompanied by difficulties on the labour market, also provided for an increase in purchasing power. The workers' organizations unanimously condemned any move which, in their opinion, might lead to the introduction of an incomes policy.

After a summer holiday period characterized by the economic crisis and a worsening of the labour market situation, the industrial relations climate was rather unsettled, although the unions did not at first seek to express the discontent publicly through large scale actions. Although unions exercised pressure, there was no strike action in either the public or the private sectors. A long hard strike in the post, telegraph and

telephone service was supported by only 50 % of the workers and it did not extend into the private sector.

In the collective bargaining field inter-occupational national agreements of 14 October and 2 November dominated the social situation during the second half of the year. The former agreement, strongly promoted by the government, stipulated that a supplementary severance allowance would be paid, for no more than one year, to any employee dismissed for an economic reason—which must be confirmed as valid by the inspectorate for industry—should short-term or structural problems lead to redundancies. Thus, almost all workers in the private sector will have a guarantee that they will continue to receive their net pay. The provisions in this agreement will also apply to workers holding contracts with the State. Although the President of the Republic was well pleased with this agreement—a guaranteed income for workers made redundant had figured on his election programme—the signatories of the agreement stressed that this did not exonerate the Government from its responsibilities as regards the many aspects of the employment problem.

The agreement of 21 November 1974 on mass dismissals caused by economic necessity improved upon the conditions contained in the inter-occupational agreement on job security of 10 February 1969. The improvements related to the following five points: widening of the definition of mass dismissal (more than 10 workers over 30 days), extending the period between the notification of the works' council and decision to effect dismissals, extending the powers of the works' council, recourse to a parity procedure in the event of no social plan being concluded or the works' council cannot agree, and the intervention of the competent regional organizations of workers and employers to effect resettlement of workers where mass dismissals are unavoidable.

*154. In Ireland, the Third National Pay Agreement was concluded in March and it continued to have labour's wide support. A motion at the annual conference of the Irish Congress of Trade Unions opposing any further National Agreements was heavily defeated. The new agreement provided for a two stage overall 15% increase in basic pay over a period generally of 12 months and in addition a cost of living threshold increase during the same period, which in the event has yielded a further 10% increase in basic pay.*

The trend for proportionally larger wage increases for the lower paid and threshold arrangements is likely to continue as long as centralized collective bargaining on voluntary agreements is accepted by the majority of unions. The Employer-Labour Conference has continued to meet for the purpose of resolving difficulties associated with the Agreement.

In January 1974, a Joint Employer-Labour Conference released a report on the possible establishment of works' councils. This document has formed a basis of discussion in the context during 1974.

While legislation on equal pay will come into operation in December 1975 an agreement has been reached in the public sector which envisages the elimination of one-half of the difference between men's and women's pay on 1 December 1974.

In 1974 the pattern of industrial relations was generally determined by the National Pay Agreement. During the year there was an increase in the number of man-days lost through industrial disputes. This increase was attributable in the main to a small number of major and lengthy disputes e.g. in municipal transport, local authorities, the retail trade and the brewing industry. These disputes were connected with a number of different matters including wage relativities, inter-union disputes, etc.

There is evidence of employers' concern at the claims made under the anomaly clause of the national agreement. Discontents about wage relativities, rising prices, and personal taxation of workers have contributed to difficulties for the social partners.

155. In *Italy*, the national collective agreements concluded at sectoral level affected about 3.5 million workers and confirmed the following tendencies already observed in previous years: pay increases were no longer expressed as a percentage but took the form of a fixed and equal amount for all workers; a single classification for manual and white-collar workers; working hours were fixed at 40 hours per week, generally spread over five days, overtime being exceptional and subject to trade union control, with the annual amount of overtime per year and per worker being fixed in advance; the trend towards equal treatment for manual and white-collar workers in respect of classification, annual holidays, seniority benefits, treatment in the event of illness or accident, the introduction of restrictive provisions concerning contract work; the refusal by the trade unions to connive at the exposure of workers to occupational risks; negotiations concerning health protection measures and the organization of work in undertakings, both areas to be under trade union supervision.

The collective agreements negotiated and signed at company or group level were characterized by the compromise they achieved between the claims put forward by workers at that level and the guidelines laid down by the trade unions concerning general economic policy.

In effect, the emphasis in these agreements has been concentrated on industrial companies' contributions towards the improvement of collective welfare facilities (the companies pay a percentage of their total wages bill, varying between 0.7% and 1%, to the local authorities for the creation and management of transport services, day nurseries, kindergartens, health services and low cost housing); a single classification for manual and white-collar workers; the safeguarding of the level of employment; negotiations concerning rates and organization of work; guarantees on wages and salaries in the event of a company closing down; investments in the *Mezzogiorno*. However the fact should not be overlooked that the wage increases arising from plant

agreements were the same and sometimes higher than those contained in industry-wide collective agreements.

After the summer holiday period, the workers' organizations decided on a general set of claims mainly concerned with equal cost of living allowances for all workers in all sectors and with retrospective compensation for a number of developments, with guarantees on the continued payment of wages and salaries, should working hours be reduced because of the situation on the market or as a result of restructuring measures with ranking of paid holidays and with a redistribution of public holidays.

For their part the employers' organizations wanted negotiations between employers and workers to be taken up on a more solid basis than before and deal with the solution of a series of problems as for example, the support of lower wage groups, an examination of the legal conditions relating to unemployment benefits and short-time working, the shortage of social services. The employers' organizations have indicated their willingness to have further negotiations, when the unions, in the employers' view, are prepared to recognize the need for a greater exploitation of production machinery and better productivity.

156. In *Luxembourg*, 1974 was characterized by a good climate in relations between the trade unions and employers' organizations. No strikes occurred during this period.

In the field of collective agreements in the private sector, it is worth noting the conclusion of a collective agreement at the end of 1973 for iron and steel workers who represent almost one-third of the total workers in the private sector. This agreement includes a net growth of 13.5% in the wage bill, protection against the effects of rationalization in the form of income guarantees and improved rates for Sunday, Saturday night and public holiday working. The agreement also confers the status of white collar workers on team leaders and foremen who number 800.

Collective agreements in economic branches of the private sector involved 7 000 workers and were inspired by the steelworkers' agreements. Negotiations for the banking and insurance sectors and for workers producing metal cables for tyres did not end in agreement and were referred to the National Conciliation Office where satisfactory solutions for social partners could be found.

On the other hand, collective agreements were made involving several trades (painters, plumbers, heating engineers, slaters, bricklayers, plasterers etc.), and some of them were made compulsory *erga omnes* by national legislation.

As regards the public sector, the agreement made between the state and the trade unions stipulated wage linear increases.

157. In the *Netherlands*, the trend continued towards a certain hardening in the

relationships between employers and employees, as already observed in previous years.

Apart from proposals for material advances, the unions are pressing for progress on problems of a non-material nature which they envisage being contained in a national agreement. Some demands are being placed before Parliament. Unions plans are expressed in a note on the working conditions policy for 1975 as well as in the 1975 Priority Programme of the three federations. Whilst the employers support the need for certain developments of a non-material nature, they do not favour a national agreement. The employers have also put certain proposals to Parliament.

Several organizations representing senior managerial staffs have effected a certain grouping and have established an advisory council for dealing with the problems of their members. As regards the representations of senior staff in collective bargaining, the Social and Economic Council has established a commission which will report on the legal representation of employers' and employees' organizations in the field of public and private negotiating.

158. In the *United Kingdom*, relations between both sides of industry were influenced by changes arising from adverse economic developments, change of government, statutory pay policy and the abolition of the Industrial Relations Act. The new Trade Unions and Labour Relations Act broadly restores the legal position of the unions to that prevailing before 1971, especially with regard to industrial disputes.<sup>1</sup>

The shift back to voluntary collective bargaining, within the framework of the social contract, was not without difficulties. Apart from disputes in the coal and rail industries in early 1974, disputes occurred later in the year among local government workers, teachers, nurses and technical medical staff and firemen as well as in the motor industry.

With the relaxation of pay controls there have been a large number of 'topping up' agreements, i.e. wage increases at company level to compensate for wage increases withheld under the statutory policy.

The serious economic situation and in particular the decline of business confidence has overshadowed relations between the CBI and the TUC.

Although the social contract specifies a minimum 12-months interval between major pay agreements, automatic threshold increases as well as premature termination of current agreements within the specified period have disturbed the pattern of collective bargaining. Government food subsidies took some of the pressure of price increases

<sup>1</sup> See also Chapter IV, point 202.

after the summer, but threshold payments envisaged as being first payable in the autumn were already paid from May onwards.

Conciliation, arbitration and advice, previously provided by the Department of Employment is now to be provided by an independent agency, the Advisory, Conciliation and Arbitration Service (ACAS). This represents a renewed emphasis on voluntarism in contrast to the principles of the Industrial Relations Act which sought to place industrial relations within a firmer framework of law.

### *Representation of workers*

159. In *Belgium*, the CSC (the Confederation of Christian Trade Unions) at its special Congress held on 9 March 1974, proposed the replacement of the present system of works' councils by workers' councils. In the opinion of the CSC, the present works' councils, on which both employers and workers are represented and which have merely an advisory role, have proved relatively ineffective. Workers' councils would consist solely of workers elected from lists prepared by the representative trade union organizations and would have the power to take decisions on various company matters. Employers would be obliged to obtain the agreement of such councils for all decisions concerning the closure of companies or departments, changes in the company's internal regulations and mass dismissals.

A collective agreement concluded on 25 July 1974 within the National Labour Council specified the procedure to be followed for the distribution of certain information within companies having several branches and several works' councils. This agreement, which introduced amendments to a prior agreement, makes special provision for the holding of joint meetings to examine economic and financial questions or other questions concerning more than one branch of a company. As a result of a royal decree on 5 September 1974 it has acquired an *erga omnes* legal force.

Finally, the Government charged the Central Council for the Economy and the National Council for Labour to formulate their position with regard to the proposals of the Commission on the representation of workers on the boards of undertakings.

160. In *Denmark*, the new Companies Act which came into force on 1 January 1974 contains provisions for worker participation. The workers themselves decide by voting whether or not they participate in management. Results of an inquiry by the DA among its members indicate that 88% of electors were in favour of workers' representation on company boards. Some unions prefer further worker participation to be effected through collective bargaining, others through legislation. The position remains fluid, particularly as economic problems preoccupy both Government and the social partners.



161. In *Germany*, the new Federal Law on Personnel Representation, which came into force in April 1974, gave increased co-management rights to those employed in factories and offices in the public sector. The provisions of the Federal Law on Personnel Representation were in many respects parallel with those of the Law on the Constitution of Enterprises, except where special circumstances in the public sector justified departures from that model. The staff councils were given an increased say in social and personal matters, and a wider operational basis for their activities in connection with day release and training opportunities. The arrangements governing cooperation between the staff councils and the trade union were improved. Young workers were given increased rights of representation. Foreign workers received voting rights and thus achieved equality in this respect with German employees.

The Law of 18 January 1974, designed to protect members of the supervisory boards of companies who are undergoing training, should ensure that the representatives of young workers and youthful members of works councils still undergoing training can perform their duties with greater independence and without fear of disadvantageous consequences for their future careers. On request, workers' representatives on completion of their training courses must have an employment relationship of unlimited duration.

In June 1974 the protracted discussions on the representation of employees on the supervisory bodies of joint stock companies<sup>1</sup> were put on a new level when the Federal Government introduced a bill for the establishment of co-management in large firms employing more than 2 000 workers. While the Federal Government described this bill as a fair and practical solution to the problem of responsible participation by workers in the planning and decision-making of the company, both employers and workers, for differing reasons, expressed dissatisfaction.

162. In *France*, the Government set up a Committee, consisting of experts from various fields, to study ways and means of achieving company reform. The sharing of responsibilities, staff representation and power within the company were among the topics which the Committee intended to analyse.

When the members of the Committee were appointed, certain bodies made their position quite clear. The Ministry of Labour declared that the company management would retain its powers and responsibilities. The CNPF reaffirmed that authority and decision-taking in companies must remain in the hands of management staff. The CGT considered that the democratization of the economy and company reform would be impossible as long as the economy was essentially controlled by a few industrial and financial groups.

<sup>1</sup> Report on the Development of the Social Situation in the Community in 1973, point 149.

163. In *Ireland*, developments in worker participation have been slow during 1974, and, as the social partners have not adopted formal positions, the situation remains fluid. However, legislative proposals for worker directors in state enterprises are being prepared. It would appear that worker directors would rather be elected within the present single board system than a two-tier system. Trade unions seem likely to have a central role in the election of the worker directors.

A motion calling for a programme to promote debate on worker participation was adopted by the annual conference of the Irish Congress of Trade Unions.

164. In *Luxembourg*, the main event was the Law of 6 May 1974 setting up works' councils within companies in the private sector and providing for the representation of employees in joint stock companies.

The principle of co-management by workers at company level is acknowledged by this Law in as much as it provides for joint works' councils and participation by employees at meetings of the board of directors and the audit board of joint stock companies of certain types.

Under the new Law, the joint works' council will consist of employer's and staff representatives in equal numbers. Such councils will be set up in all industrial, artisanal and commercial companies in the private sector which have normally employed at least 150 paid workers over the last 3 years.

The workers' representatives will be appointed by the shop stewards, once the workers in the company have voted from a list, using proportional representation methods. To be eligible for election, workers must be nationals of Luxembourg or a Member State of the Community. The employers may choose any representatives they please, including senior management staff.

The joint works' council will have decision-taking, consultative advisory and supervisory powers. The decision-taking power covers the behaviour and performance of workers, their health and safety, the selection and movement of staff and internal company regulations.

165. The new Act specifies that one-third of the members of the Supervisory board must be representative of workers' interests. This provision applies to joint stock companies:

- normally employing at least 1 000 workers over the past three years;
- in which the State has at least a 25% financial holding or with a State concession with respect to its main business activity even if such companies employ less than 1 000 workers.

The Act provides for the inclusion on the audit board of an independent inspector,

to be appointed by the unanimous vote of the worker directors who would otherwise have a veto power.

166. In the *Netherlands*, Parliament adopted a law on the financing of training for the members of works' councils.<sup>1</sup>

To implement this law, a Joint Works' Council Advisory Institute (Stichting Gemeenschappelijk Begeleidingsinstituut Ondernemingsraden) has been set up; the employers' and workers' organizations cooperating within the Labour Council (Stichting van de Arbeid) are represented on this body.

This new institute has to support, encourage and coordinate the activities of bodies dealing with education and training for the members of works' councils. In order to realize these purposes, certain forms of financial contribution towards courses have been determined.

A levy system operated by the Economic and Social Council has been introduced and is applicable to all undertakings legally obliged to establish a works' council.

At the beginning of October 1973 the Social and Economic Council was asked by the Minister of Labour to indicate its views on the composition and the extension of the powers of works' councils. An intensive discussion followed in the course of which two trade union federations, NVV and NKV, pressed for alteration of the councils into worker-only institutions. This view was not however shared by the CNV. This difference of opinion on the labour side impeded the formulation of an agreed position by the Economic and Social Council.

A second issue on which views were sought related to plant-level trade union activity. The government was anxious to know whether certain minimum legal conditions, for example, with regard to protection against dismissal of representatives, ought to be considered. In this context, reference will be made to the 1972 ILO convention which is awaiting ratification in Parliament. The government is giving financial support to a research inquiry into the functions, objectives and significance of trade union activity at plant level in a changing industrial environment.

167. In the *United Kingdom*, although both Labour and Conservative Governments have given attention to industrial democracy, no legislative proposals have been put forward in 1974.

A consultative document, similar to one compiled by the TUC, was published by the Labour Party in May. Both bodies favour the introduction of a two-tier board system providing half the supervisory board<sup>2</sup> are labour trade union representatives. Em-

<sup>1</sup> Report on the Development of the Social Situation in the Community in 1973, point 153.

<sup>2</sup> The other one being the management board.

ployers are opposed to such a proposal. The positions of the social partners are far from stable in this context. The possibility of works' councils is rejected by unions and generally viewed more favourably by employers. Considerable resistance to worker participation exists in many unions and uncertainty exists as to future Labour Government policies.

A Government White Paper on 'the Regeneration of British Industry' proposes the conclusion of voluntary Planning Agreements between major companies and the Government, involving trade union participation. There will be close consultation between management and trade unions in the drawing up of plans covered by the agreement.

### *Trade union unification*

168. In *Denmark*, for several years there has been a trend towards fewer but larger unions. Union mergers occurred in the building industry, where the ultimate aim is one union representing all workers.

169. In *France*, differences of opinion between the CGT and the CFDT concerning trade union strategy, came to light in mid-March and strained relationships between the two organizations. During the Presidential campaign, however, both these organizations gave their support to the candidate of the United Left. The CGT-FO, for its part, refrained from any such action.

At the beginning of October, the CGT and the CFDT after an analysis of their common proposals drew up a programme for joint action in several stages.

The CGT-FO and the CFTC, on the other hand, carried out a joint study of the economic and social situation and declared themselves both in favour of a policy of collective bargaining, the need for which seemed greater than ever before because of the increasing rate of inflation.

170. In *Italy*, discussion on the unification of trade union organizations<sup>1</sup> has resulted in sharp differences of opinion over the usefulness of accelerating unification, so that the decision on this question has been postponed until the spring of 1975.

171. In the *Netherlands*, talks on a federation between the three main trade union organizations were broken off because the CNV withdrew from the discussions in

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<sup>1</sup> Report on the Development of the Social Situation in the Community in 1972, point 46.

January 1974, unable to associate itself with the demands of the other two organizations, the NVV and the NKV, concerning the degree of consultation within the organizations and between the organizations and the various trade unions. The subsequent talks between the NVV and NKV have not yet led to a final decision to set up a federation without the CNV.

# Working conditions and labour law

## Trends within the Community

### Working conditions

172. During the period under review the Governments, employers and trade unions turned attention more to the problems of safeguarding purchasing power and employment. The economic and social climate in most Member States was determined to a large extent by the repercussions of the energy crisis. None the less, the *improvement of working conditions*, in particular the reduction in hours of work, the increase in the length of paid holidays, and the rationalization of working hours, ranked high on the list of the Member States' social policy objectives.

Throughout the Community the changes in working conditions resulting from collective agreements concluded in 1974 confirmed the earlier trend: reduction in hours of work, increase in public and paid annual holidays, raising of the additional holiday allowance, greater opportunity to take training leave, etc.

173. In *Germany*, mention should be made of the launching by the Federal Government of a research programme designed to improve working conditions in industry, in particular.<sup>1</sup>

This programme, which has been drawn up in the light of the workers' needs and of economic development, is based on the thesis that the traditional ways of protecting workers in highly industrialized societies are no longer adequate, given the new constraints which employment now imposes. The research programme is mainly concerned with defining minimum standards for machinery and places of work, designing technical processes suited to the individual in terms of work organization and jobs, and evaluating the results of research and experience gained on the factory floor.

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<sup>1</sup> Report on the Development of the Social Situation in the Community in 1973, point 156.

The trade unions too have tried to make more use of collective agreements as practical instruments for humanizing working conditions. One result of these efforts is the conclusion of a collective agreement for iron and steel workers in Baden-Württemberg. This contains *inter alia* provisions relating to the rate of production-line work, work breaks, etc.

174. In *France*, the Government, in its general policy declaration, stressed that the improvement of working conditions was still one of the major points of French social policy.

The Agency for the Improvement of Working Conditions was officially established by a Decree published in the *Journal officiel* of 24 April 1974.

In addition, the working parties set up by the French Government to look into the improvement of working conditions have begun to submit their reports. Special mention should be made of the report of the working party responsible for examining working conditions and, in particular, the technical, economical and financial obstacles to job restructuring measures.

175. As regards *Community measures*, a number of proposals resulting from the Council Resolution of 21 January 1974 concerning a social action programme have already been formulated and submitted to the Council

They include:

- a draft Council Recommendation to the Member States, the immediate purpose of which is general implementation of the 40-hour week before 31 December 1975 and of four weeks' annual paid holidays before 31 December 1976;
- the proposed regulation on the setting up of a European Foundation for the Improvement of Living and Working Conditions, whose main function will be to contribute to the definition and introduction of living and working conditions commensurate with human aspirations and needs through measures designed to develop and diffuse the knowledge necessary for such a task.

As regards the improvement of *working conditions*, the Foundation will deal more particularly with matters concerning the individual at his place of work (worker participation, job enrichment, continuous training, etc.), work organization (shift work, working hours) and the problems specific to certain categories of workers (young people, women, handicapped persons, migrant workers, etc.).

#### **Hours of work — Rationalization of working hours**

176. The trend towards the general introduction of a 40-hour week, by legislation or agreement, has continued in several Member States.

As stated in the previous *Report on the Development of the Social Situation in the Community*,<sup>1</sup> this aim was implemented in *Germany, Italy, the United Kingdom and Ireland* in 1973. The 40-hour week has also been introduced by collective agreements in *Denmark* in 1974; it will be effective in *Luxemburg* from 1 January 1975 and in *Belgium* not later than 1975.

In addition, during the period under review the various methods of *rationalizing working hours* (flexible or individualized working hours, part-time work, etc.) have found more general application in several Member States, particularly *Germany*, and, to a lesser extent, the *Benelux* countries, *France* and the *United Kingdom*.

### **Holidays with pay and training leave**

177. The trend towards an increase in the number of paid holidays and the granting of a fourth week of annual holiday has continued throughout 1974 in several Member States, particularly *Germany, Belgium, Italy, Luxemburg* and the *Netherlands*.

The trends observed in recent years towards improved conditions concerning *training leave*<sup>2</sup> in national legislation and in collective agreements have also continued throughout 1974, particularly as regards the granting of leave for workers to attend educational or training courses. Numerous measures have been taken in this respect in various Community countries, notably *Germany, Belgium, France, Italy* and *Luxembourg*.

### **Labour law**

178. Labour law developments in Member States during 1974 were characterized on the one hand by provisions favouring particular work groups for example, handicapped workers, home workers and very young workers as well as older and female workers, and on the other by provisions giving greater protection to workers affected by the closure or bankruptcy of their undertaking.

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<sup>1</sup> Point 157.

<sup>2</sup> See also Chapter II.



## Development of the situation in the member countries

### Working conditions

#### Hours of work — rationalization of working hours

179. In *Belgium* the reduction in the working week was pursued in 1974 in several branches of the economy in accordance with the inter-trade convention which provides for a reduction in the working week to 41 hours during 1974 and to 40 hours in 1975.

Several undertakings have been experimenting with the system of flexible working hours. Although still in its infancy in Belgium, rationalization of working hours is currently being carried out by some 70 undertakings in various forms. Generally speaking, such rationalization is limited to the introduction of flexible rules governing presence at work at the beginning and end of the day and to arrangements for calculating actual hours worked on a weekly, monthly or quarterly basis.

180. In *Denmark*, under the collective agreement signed on 10 April 1973, a 40-hour week was introduced on 1 December 1974. A similar agreement, between the Government and civil servants, has also been signed.

181. In *Germany* the 40-hour week has been introduced in almost all branches of industry. In October 1974 the public services sector moved from a 42-hour week to a 40-hour week. In addition, it is worth pointing out that the working week has been reduced from 45 to 44 hours in agriculture. At the end of 1974 a 40-hour week was established for about 88% of all workers and for 85% of all employees (as against 76% and 58% at the end of 1973).

The rationalization of working hours, particularly the introduction of flexible hours, is being practised more and more widely in Germany. It is estimated that early in 1974 this system, which grants workers a certain amount of autonomy as regards their daily working hours applied to two or three million workers, salaried employees and civil servants in the main, in between 5 000 to 8 000 undertakings and administrative bodies.

182. In *France* the trend towards shorter hours of work with the aim of introducing

a 40-hour week has been followed in collective agreements. On 1 April 1974 the working week was reduced to 41 hours for round-the-clock working in the iron and steel industry in eastern and northern France and will be further reduced to 40 hours on 1 April 1975. Moreover, under the terms of the 27 December 1974 Law No 74-1116, the effective working week for agricultural workers was reduced to 40 hours.

Furthermore, an official survey estimates that about 800 undertakings, employing between 200 000 and 300 000 persons, apply a system of unrestricted hours. The majority of the undertakings concerned—i.e. between 500 and 600 of them—have introduced individual time-clocks which add up to the total number of hours worked, while others use other monitoring methods.

In addition, management and labour have continued the negotiations begun in May 1973 at inter-trade level for the improvement of working conditions. At the end of June, the National Employers' Council forwarded to the trade union confederation a draft agreement on the improvement of working conditions, in particular work organization, rationalization of working hours.

Furthermore, the Minister for Labour has set up several working parties to examine the improvement of working conditions. A report on the technical, economic and financial obstacles to work-restructuring measures has been forwarded to him.

Finally, mention should be made of the new Government post of Secretary of State to the Prime Minister with the task of promoting all means of improving the status of women, to give them greater access to different levels of responsibility and to remove the discriminations to which they are subject. At administrative level, an enquiry has been carried out by the Committee on Women's Employment on the motivation and attitude of women towards employment.

*183. In Ireland*, the reduction of the working week to 40 hours was incorporated in 1974 in several collective agreements. Industrial workers covered by collective agreements currently enjoy in general a 40-hour week.

The Minister for Labour has also undertaken to review and update legislation on hours of work.

In the field of job enrichment the Government has encouraged an examination of ways of widening the area of discretion which workers exercise in their places of employment; a working party of representatives of employers, trade unions, research institutes and Government has been established to give job enrichment greater impetus.

In July 1974, the Minister of Labour introduced to the lower House of Parliament a Bill entitled the Protection of Young Worker Persons (Employment) Bill. The

purpose of this piece of legislation is to regulate the conditions of employment of workers under 18 years of age. It deals with such matters as minimum age for employment, maximum and normal working hours, night work, and rest intervals. It is anticipated that the Bill will be passed by both Houses in the coming months.

184. In *Italy* the objective of the general application in industry of the 40-hour, 5-day week was practically reached in 1974 through the conclusion of new collective agreements. A sixth working day is only possible with the agreement of trade unions and then only in seasonal industries or where peaks in the work demand it and where the workers have tasks of a seasonal nature.

Moreover, overtime is carried out only voluntarily and in exceptional circumstances and requires the prior agreement of the relevant trade union. For instance, the amount of overtime for certain categories of workers may be fixed in accordance with an annual predetermined per capita 'quota' (e.g. 200 hours for workers in the textile and clothing industries, and 160 hours for workers in refrigeration industries, etc.).

185. In *Luxembourg* the law of 9 December 1970, which stipulates that from 1 January 1975 the new statutory hours of work for manual workers are 8 hours per day and 40 hours per week, also lays down that any hours worked in excess of the 40 hours will have to be paid as overtime. Consideration of these statutory provisions has already been taken into account in the clauses of agreements implemented during 1974; weekly working hours have been reduced during the year and by 1 January 1975 at the latest the 40-hour week will become effective.

186. In the *Netherlands*, in accordance with the recommendation of the 1973 national agreement, the working week will be reduced to 40 hours in 1975 under the existing collective agreements.

187. In the *United Kingdom* the reduction of the working week to 40 hours, which was encouraged in the Counter-Inflation Act and is incorporated in the Social Contract has, in practice, made very little difference since it has been an almost universal standard for some years in British industry. Moreover, in agriculture the working week has been reduced to 40 hours from 1 January 1975.

#### **Public holidays, holidays with pay, training leave**

188. In *Belgium* the law of 4 January 1974 on public holidays entered into force on 1 February 1974. In addition, a Royal Decree of 18 April 1974 set out the general conditions for implementing the new Law, which guarantees workers the right to rest for ten days each year. Particular mention must be made of the requirement that public holidays coinciding with what is normally not a working day be compensated by a day off at another time.

The introduction in 1975 of the fourth week of annual holiday, provided for in the inter-trade agreement on employment and made compulsory by the Royal Decree of 20 August 1973, was also embodied in numerous collective agreements concluded in 1974. This means that, from 1975 onwards all workers in paid employment will enjoy a total of four weeks' holiday, three of which at double earnings and one at normal earnings.

As regards legislation on paid time allowances (right of absence from work, remuneration for such absence), two Royal Decrees of 28 December 1973 (*Moniteur belge* of 17 January 1974) have extended the scope of the Law of 10 April 1973 awarding a paid time allowance to enable workers to attend vocational upgrading courses.<sup>1</sup> This concerns, in particular, workers attending courses in the arts or agriculture.

Furthermore, a Royal Decree of 16 September 1974 extends the scope of the law to workers in the first year of an upgrading course (night school and weekend classes).

Two more Royal Decrees of 7 October 1974 extend the benefit of paid time allowances to workers who follow general training courses to improve their economic, social and cultural standing and to workers who attend certain evening classes of a university level.

The law on paid time allowances has, however, been applied only on a relatively small scale compared with the figures mentioned when it was being drawn up. At present, only a small proportion of workers following upgrading courses have availed themselves of the right granted to them.

189. In *Germany* the duration of annual paid holidays has been lengthened by a set of collective agreements involving a large number of people. In the textile, wood, rubber, leather and metal-working industries, the wholesale trade, the export trade and private insurance sectors the length of annual holidays laid down in agreements has been increased from one to three days. Many collective agreements also provide for further progressive increases in the holiday allowance often related to age or length of service. Finally, it is to be noted that young workers are entitled to an annual holiday totalling 30 working days.

In the course of this year, laws providing for the grant of paid training leave have been passed in Hamburg, Bremen, Hesse and Lower Saxony. Draft laws on this matter are under discussion or in process of adoption in other Länder.

190. In *Ireland* the recent Holidays (Employees) Act became effective on 1 April 1974. It provides for three weeks' paid holiday for the majority of workers, thereby normalizing a position that already existed in a large number of collective agreements

<sup>1</sup> Report on the Development of the Social Situation in the Community in 1973, point 168.

involving non-agricultural workers. In addition it provides entitlements in respect of annual public holidays—now 7 in number.

191. In *Italy*, the trend towards granting a fourth week of annual leave, already enjoyed by the majority of industry, became more noticeable during 1974. The same applies for training leave.

192. The *Luxembourg* Government is advocating the gradual standardization of the length of holidays for wage-earners in the private sector to 25 days per year. A first step foreseen by a government project is the removal of the threshold of 18 days so that all wage earners between 19 and 37 will be entitled to 21 days' holiday and those over 37, to 25 days. The same project foresees the introduction of the rule for calculating a week of holiday on the basis of a five-day working week.

The Grand Ducal Regulation of 22 February 1974 lays down the measures for implementing the Law of 4 October 1973 on the granting of educational leave for young people in employment. This is essentially granted in respect of training courses in citizenship for young people (up to the age of 25) and in respect of the training of youth group leaders (up to the age of 30), but it may also be granted to adults wishing to further their vocational training.

Days granted as educational leave may not exceed 12 in two years and 36 days in all. Persons granted educational leave continue to be paid if they work in the public sector, or receive an allowance equivalent to their earnings if employed in the private sector.

193. In the *Netherlands* annual paid holidays will soon total 20 or 22 days, in line with the recommendations of the central agreement and their implementation in collective agreements.

Furthermore, around ten social experiments have started in October in the fields of job enlargement and job enrichment, and will be completed about 1978.

194. In the *United Kingdom* there has been little change in the situation since the introduction of the third week of annual holiday in numerous collective agreements, but the TUC guidelines recommend negotiations to seek progress towards four weeks' annual holiday. The number of public holidays was increased on 1 January 1974 from six to seven.

## Labour law

195. In *Belgium*, relations between the employers and the unions in the public service have been placed within the framework of a new law of 19 December 1974. This law provides for the establishment of joint bodies to determine working conditions.

A proposal for a law, dated 9 May 1974, initiated in the Parliament and aimed at determining the effect of a lock-out on employment contracts, has been forwarded to the National Labour Council for its opinion. The Council's decision on 24 October 1974 declared that the present legal position with regard to issues arising from lock-outs was satisfactory and did not warrant any change.

On 25 July 1974 the National Labour Council gave its opinion on the regulation of hired-out labour. The majority was in favour of a provisional law governing fee-charging temporary employment agencies, which are considered as employers, and action by the National Employment Office on the placing of temporary staff. A draft law will be submitted by the Government to Parliament in the near future.

A draft law on employment contracts was put before the Senate on 4 September 1974. Its object is to combine in a single law all the legislative texts concerning these contracts, and stems from the progress made in approximating the status of the various categories of workers, more particularly manual and white-collar workers.

A Royal Decree of 2 December 1974 authorized the establishment of a Commission for Women's Employment, composed of representatives of employers' and workers' organizations, the public authorities and experts.

196. In *Denmark*, rules for safety at work in the building industry were introduced in October. These include provisions for safety committees, the employment of safety consultants, and protection against dismissal for safety stewards.

197. In *Germany*, a new Seriously Disabled Persons Law<sup>1</sup> came into force on 1 May 1974. It contains the following new provisions:

- the category to which the relevant arrangements apply will be extended to cover all physically, mentally or emotionally handicapped persons whose earning capacity has been reduced by at least 50%, regardless of the nature of the handicap or its cause. Persons whose earning capacity has been reduced by between 30 and 50% can also be classed as seriously disabled if their handicap makes it difficult to find a suitable job for them, or places their existing job at risk;
- all private or public employers employing more than 15 persons are now obliged to help towards reintegration of the seriously disabled by reserving 6% of available

<sup>1</sup> Report on the Development of the Social Situation in the Community in 1973, point 184.

jobs for them or by making a financial contribution, to promote their occupational rehabilitation;

- all seriously disabled persons receive an extra six working days' leave per year, besides assistance in helping them to obtain and look after a home suited to their special requirements and maintain their economic independence. Employers can also obtain grants for the creation of suitable workplaces for seriously disabled persons or for equipping existing workplaces with the necessary technical aids;
- a seriously disabled person can now retire early on old age pension at the age of 62 years, provided he has complied with the other provisions of the legislation on pension insurance;
- the person representing the seriously disabled within a firm must be kept fully informed and consulted in all matters concerning a seriously disabled person;
- inducements are offered to employers to place manufacturing and supply orders with workshops for the disabled and thus ensure that such workshops continue to function;
- protection against dismissal was improved by equating a reduction in earning capacity because of old age with severe disability, which automatically protects the person concerned from dismissal. Dismissal, whether normal or exceptional, is now only possible if the main welfare organization agrees beforehand to the employer's application.

A Law passed in July 1974 gives an employee the right to compensation if his pay is delayed or stopped because of his employer's insolvency. The compensation amounts to the outstanding net wages or salary for the three months preceding the bankruptcy. Outstanding social security contributions for the same period are also covered. The compensation is paid by the local employment exchange. The money for this purpose is obtained from the employers by a levy. In addition, the employee's position in bankruptcy law has been strengthened. Outstanding wage and salary claims are now liabilities which must be met from the bankrupt's estate. The trustee has the right to pay such claims immediately if the estate is large enough.

Since 1 January 1975 payment of industrial retirement pensions by firms which have gone bankrupt are guaranteed by a 'Pensions Safeguard Association',<sup>1</sup> founded on 7 October 1974 by the *Bundesvereinigung der Deutschen Arbeitgeberverbände* (Federal association of German employers' organizations), the *Bundesvereinigung der Deutschen Industrie* (Federal association of German industry) and the *Verband der Lebensversicherungs-Unternehmen* (Confederation of life insurance enterprises). All firms operating their own pension schemes are obliged to be members of this Pensions Safeguard Association.

Protection in the event of insolvency extends to all company pensions being paid at present and to the pension rights obtained up to the date of bankruptcy and which

<sup>1</sup> Report on the Development of the Social Situation in the Community in 1973, point 184.

are inalienable under the law for the improvement of industrial retirement pensions which came into force on 1 January 1975. The Association will levy a contribution (probably 0.15 to 0.2% of the value of the necessary reserves from its members and insure the pension rights with a group of insurance companies. The solution under private law of this difficult problem, thus worked out by the employers, has been included in the above law on the improvement of industrial retirement pensions.

The new Law on home-based workers,<sup>1</sup> passed by the Federal Parliament in June 1974, aims to modernize the working conditions of approximately 300 000 people who work at home by means of the following measures:

1. the agreed wage for the same or equivalent work in industry will be used more than previously as the standard for wage increases for home-based workers;
2. protection from dismissal is extended. The periods of notice, which are graduated according to the length of time the worker has been employed, are considerably increased; in addition, the guarantee of payment during the period of notice has been consolidated;
3. home-based workers are now given the opportunity of making contributions towards asset formation;
4. in order to increase safety at work the employer is obliged to explain accident risks and dangers to health;
5. employers are obliged to inform their home-based workers concerning the method of calculation and the composition of their pay;
6. the Law also applies to office work at home, which is becoming increasingly important and substantial.

A modification of the Home Based Workers Act and an addition to the Collective Agreement Act enable, for the first time, the working conditions of home workers and similar to be determined through collective agreements.

The Law governing the Social Court was amended at the same time, principally to speed up procedure and thus ensure that the citizen seeking justice in a dispute involving social security claims obtains a decision more rapidly than has hitherto been the case.

The Federal Parliament is at present discussing the Government's draft law for the protection of young workers. This provides for uniform protection for all young workers, raises the minimum age for them to 15 years, introduces a five-day, 40-hour week, and extends evening rest periods and leave. Depending on their age, young workers are to have between 25 and 30 working days' leave, and all miners working underground will have three additional days. The draft law further provides for the extension and improvement of health regulations and factory protection measures.

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<sup>1</sup> Report on the Development of the Social Situation in the Community in 1973, point 184.



Increased job security for older workers was introduced in collective agreements which came into force in 1974. Two types of arrangement were concerned, and were mostly agreed on simultaneously: a guaranteed wage equal at least to the current average wage and protection against dismissal, save on exceptional grounds. In general the worker must be 53 to 55 years old and have been with the firm for three to ten years. The collective agreements concluded in 1974 embodying such arrangements apply to some 2.2 million workers, especially in the metal industry and the textile and clothing industry.

198. In *France*, the Law of 5 July 1974 fixed the age of majority at 18. From this age, young workers can take up employment or give notice without their parents' authorization or 'assistance'. Parents and guardians can no longer require a young worker to hand over his wages, unless he has been officially ordered to support them. And young actors receive the savings amassed on their behalf out of their earnings at the age of 18.

Lastly, the Decree of 12 September 1974 improved proceedings before the Labour Court with effect from 1 January 1975.

199. In *Ireland*, legislation has been passed in the field of paid holidays.

The Anti-Discrimination (Pay) Act on equal pay was passed by Parliament in June and comes into force on 31 December 1975. The Act provides for equal pay for like work and contains a procedure for settling pay disputes. A new agreement covers equal pay in the public sector as from December 1974. The National Pay Agreement of 1974 provides for reducing the difference between men's and women's rate of pay by 33½% (this is additional to the provision for a 17½% reduction in the 1972 National Wage Agreement).

200. In *Luxembourg*, the organization of the Inspectorate for Labour and Mines was altered by a law of 4 April 1974, and the rights and obligations of the inspectors regulated more precisely.

Government legal provisions submitted to Parliament have referred to the provisions affecting the protection of working mothers, the protection of children and young workers and the exercising of the right to strike in the public services.

201. In *the Netherlands*, the introduction in November 1974 of recording instruments in heavy goods vehicles resulted in protest actions by drivers who blocked the border crossings. This industrial action was not supported by the unions.

An exact record of worktimes and rest periods by means of the equipment enables infringements of the statutory limits on driving hours to be much more easily determined. The drivers' action was based on apprehensions that they would suffer reduc-

tions in pay if their actual working hours were reduced to the statutory maximum. The employers indicated that the competitive nature of the industry made it imperative that drivers worked longer hours than specified. A consequence was that the introduction of the equipment threatened the job security of the drivers. The outcome of this industrial dispute was a more flexible approach to the introduction of the meters on 1 December 1974.

202. In the *United Kingdom*, important changes in labour law have occurred during 1974.<sup>1</sup>

The newly elected minority Labour Government in February promised a three-stage programme of legislative reform. A priority commitment was the repeal of the 1971 Industrial Relations Act and its attendant institutions, as well as the abolition of the statutory pay policy and the Pay Board embodied in the 1973 Counter-Inflation Act. The former Act was replaced by the Trade Union and Labour Relations Act in July which came into force in September, whilst the elements of statutory pay control were repealed by an Order under the new Prices Act, which was passed in July.

A Health and Safety at Work Act was passed in July and will come into force in April 1975, from which date onwards the multiplicity of existing legislation which the new Act replaces will be progressively repealed.

The Government has issued a set of proposed Orders under the Employment Agencies Act 1973, intended to regulate certain aspects of employment agency activities.

Changes have been effected in the Immigration Act 1973 with respect to the spouses of migrant workers as well as the operation of the Act itself.

In May the supplementary company pensions provision in the 1973 Social Security Act which came into force in April 1974 was scrapped, in particular because of the inadequate treatment of women under such provisions.

Proposals for an Employment Protection Bill have been published by the Government. Its provisions include the regulation of redundancies, minimum terms of notice, trade union membership, and improvements in unfair dismissal provisions.

In addition, the Bill would place the Advisory Conciliation and Arbitration Service on a statutory basis. In the newly established Service, one third of the council are trade union representatives.

The Government introduced a Trade Union and Labour Relations (Amendment) Bill to remove those amendments to the Trade Union and Labour Relations Act which the previous minority government had to accept in Parliament.

<sup>1</sup> See also Chapter III, points 149 and 158.

As the issue of extending the form and scope of worker participation is still very fluid, the expected Industrial Democracy Act is unlikely to appear in the foreseeable future.

Following the publication of the White Paper entitled 'Equality for Women' the government intends to introduce a Sex Discrimination Bill which would set up a Commission responsible for identifying and dealing with discriminatory practices in various situations including employment.

## Wages and asset formation

### Trends within the Community

203. Inflation was higher, more widespread and more constant than at any time since the setting up of the Community. This fact virtually dominated wages policies and problems in all the Member States during 1974. In view of the limited success of the numerous and varied measures taken by the Governments to contain this inflation, the main objectives of the demands submitted and the decisions reached with regard to pay were to safeguard the purchasing power of workers in paid employment and to give priority to increasing the purchasing power of the least well-off groups.

In countries where automatic indexation has been in more or less general use for many years (Belgium, Luxembourg, Denmark and Italy), wages naturally rose more rapidly because of the large price increases.<sup>1</sup> In the United Kingdom, threshold agreements—which had been authorized by Stage III of the Counter-Inflation Programme—were maintained after the period of validity of the legislation concerned had expired, and they played an important role. Similarly, the Irish indexation system had much more influence on wage trends than in the past. In France, contracts in the public sector guaranteeing an increase, however limited, in purchasing power, were maintained and the system of indexation or similar measures were extended in the private sector. An even wider range of application of the indexation system may be observed in the Netherlands, and the Luxembourg Government plans to extend the already widespread index system to cover all wages and salaries. Moreover, in the Netherlands, with a view to using the sliding-scale systems as an aid towards the levelling out of the structure of wages and salaries, compensation for price increases has been formulated in conformity with the guidelines provided by the Government to favour the lowest paid workers, and the demands of Italian trade unionists for the award of round sum increases should lead to an even greater use of the sliding-scale system for this purpose in Italy. Note should also be taken, on a more general

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<sup>1</sup> Report on the Development of the Social Situation in the Community in 1973, point 191.

level, of the growing interest shown in view of the present circumstances, by both Governments and the two sides of industry particularly in certain countries for having truly representative consumer cost of living indexes...

204. Irrespective of the sliding-scale systems and their possible structural effect, both sides of industry and the public authorities again stressed their concern, already shown in previous years, in increasing low wages more substantially in real terms.<sup>1</sup> Apart from Italy, where round sum increases have become almost traditional, all Dutch workers obtained fixed-amount increases in real wages (three 'instalments' of Fl.15 each in monthly wages) and in Ireland the planned rises in basic weekly wages include a minimum fixed round sum (£2.40). Increases of this type are included in collective agreements in Belgium (building, textiles), Luxembourg (building) and Germany (civil service). With regard to statutory minimum guaranteed wages fixed at national level for all occupations it should be noted that in the Netherlands the minimum wage has been increased 'structurally' in order to take into account the fact that the lowest wages in collective agreements had increased more than the average wage on which the statutory minimum wage is indexed. In France too, the SMIC rose more quickly than average wages. The Luxembourg Government increased by 14.9% the statutory minimum wage in real terms, that is to say, independently of the sliding-scale arrangement. In Belgium, the trade unions again demanded the institution of a guaranteed national minimum wage. In the United Kingdom, the TUC has recommended, in the context of the Social Contract, that negotiators should give priority to the achievement of a minimum wage of £30 for a normal working week.

Progress made this year in introducing the principle of equal pay for men and women<sup>2</sup> may be associated with these endeavours to improve the wages of the least well-off groups. Ireland adopted a law introducing this principle into its domestic legislation. Luxembourg, by a Grand Ducal Decree, of very far-reaching application, bridged the few legislative gaps which still existed. A Bill introduced in Parliament by the Dutch Government has been approved by the Second Chamber, and a proposal of law was introduced in the Belgian Parliament. Furthermore, progress towards achieving equal pay was noted in collective agreements in the United Kingdom and Ireland.

205. During the previous years, some comments were devoted to measures taken in some Member States to adapt tax systems to meet certain requirements of social justice. Because of the increase in the rate of inflation, greater attention was given to these problems and a tendency gradually developed, particularly in trade union organizations and amongst workers themselves, to take greater account of the purchasing

<sup>1</sup> Report on the Development of the Social Situation in the Community in 1973, point 190.

<sup>2</sup> *Idem.*, point 192.

power of the final net income after tax. Numerous measures were taken by the public authorities to prevent wage increases, or more generally speaking income increases, which compensated for the rise in the cost of living, from being partially or totally cancelled out by a direct taxation system whose scales would remain fixed. Accordingly, index-linked systems exist for tax thresholds (Denmark) and for income brackets (Luxembourg). Tax rebates for low incomes were applied in Ireland and the Netherlands. The tax thresholds were raised in Italy and Belgium, and in the latter income brackets were upgraded. With the same object in view, the German Government requested that, on the occasion of joint negotiations for the renewal of collective agreements, both sides of industry should take account of tax rebates which will come into force in 1975, and the Danish Government also expressed the wish that both sides of industry should take account of tax rebates introduced this year in their negotiations for the forthcoming year. It is interesting to note in this context the 'global' attitude adopted by the Danish Confederation of Trade Unions (LO), according to which the important consideration is the increase in the final disposable purchasing power, whether this is achieved by wage increases, reduction of direct taxation on incomes, reduction of indirect taxation on products and services, strict price controls, etc.

206. The accelerated rate of inflation resulted in more attention being paid to disparities in the distribution of incomes, and the same was true for the even greater disparities in the distribution of assets.<sup>1</sup> This led the Netherlands, for example, to give new impetus to the policy on asset formation in discussions on general economic and social policy. The Dutch Government stated its intention to draw up a draft law on workers' participation in the profits and capital growth of undertakings. A draft law which also deals with 'sharing in assets' was adopted by the German Government at the beginning of 1974, and an interministerial working party is currently examining its provisions. In Germany, the so-called 'DM 624 law' has been applied to a greater extent, and more than 18 million workers now benefit from it. Similar progress has been observed in France in the application of the 1967 Order on the participation of wage and salary earners in the fruits of expansion of undertakings. Furthermore, in the United Kingdom it has been proposed to set up a new type of savings bond indexed to the cost of living for retired persons and persons in paid employment. On the other hand, with a view to assisting in the examination of the disparities in the distribution of income and wealth, the United Kingdom Government has established a standing Royal Commission to which two specific references have already been made.

207. The various matters mentioned above as trends observed at national level in wages and asset formation policies, are in line with the Commission's concern and

<sup>1</sup> Report on the Development of the Social Situation in the Community in 1973, point 193.

its present work in this sphere as can be seen in its Social Action Programme. Thus the Commission has just submitted to the Council a working paper on 'systems for adapting wages and salaries to the cost of living'. It is also carrying out a study on the lowest wages in the Community: statutory minimum wages, basic wages laid down by collective agreements, and actual wages. The trend towards equal pay for men and women already mentioned, is in line with the Commission's action, in recent years, tending to promote a wider implementation of Article 119 of the EEC Treaty, and the proposed directive which has been approved in principle by the Council on 17 December 1974 is designed to re-specify certain procedures and ensure that their application will facilitate the concrete realization of this principle. Lastly, a report is being completed on the various systems for encouraging asset formation among workers in the nine Member States. On the basis of this report, it will be possible, with the help of experts and the two sides of industry from the nine Member States, to reach certain conclusions which can then be transmitted to the Council.

## Development of the situation in the member countries

### *Belgium*

#### **Wages policy and the problems involved**

208. In June, in order to cope with the large price rises, the new Belgian Government adopted a counter-inflationary programme, which was implemented during the following months and which reinforced certain steps taken by the previous Government. The main objective was to limit demand by taking action in the budgetary, monetary, credit, and price policy fields. To counteract the impact of inflation on incomes the Government, as in 1973, increased basic tax allowances and raised taxable income brackets. This resulted in total compensation for annual incomes under Bfrs 170 000 and partial compensation for incomes between Bfrs 170 000 and Bfrs 360 000.

In accordance with the agreement on social planning for 1974 in the public services sector, real salaries increased on 1 January by 6% for staff on minimum salaries and 4% for others, followed, on 1 July, by a new general increase of 2%. It should also be noted that there was an increase in end-of-year bonuses and in holiday allowances. Furthermore, in an agreement on 13 November 1974, the system for indexing civil servants' salaries has been modified as from 1 July 1975: indexation will be triggered-off two months after the base has been overlapped instead of three months after.

In the private sector there were several successive wage increases, generally of about 2 to 3%, resulting from the operation of the agreed sliding-scale systems. The new

collective agreement linking wages and salaries to the consumer price index, which applies to all undertakings which fall under the jurisdiction of the joint national committee for metallic, mechanical and electrical manufacturing industries, deserves special mention, since the reference index is no longer, as for the majority of branches, the two-monthly average of consumer prices indexes, but the price index of one month. Thus, wages will henceforth increase by 2% from the first day of the month following the one in which the threshold is reached or passed. This new formula has been adopted in other sectors also.

With regard to wage increases granted in addition to the automatic increases related to the rise in the cost of living, the tendency is again observed to fix standard amounts for these increases, a procedure which favours the lower-paid categories of workers. Thus, in the building industry, the new collective agreement concerning 275 000 workers which was signed at the beginning of the year fixed the increase in hourly wages at Bfrs 7 on 13 April 1974, then at Bfrs 5 on 15 March 1975. In May, the agreement signed for the 80 000 workers in the textile and hosiery industry provided for a general increase in wages of Bfrs 3 an hour on 9 May 1974, of Bfrs 1.25 on 9 September 1974 and of Bfrs 2.25 on 9 January 1975. For hosiery, this last increase was replaced by 2.25%.

In the demands put forward jointly by the two main trade unions, the FGTB and CSC, the introduction of an index bound guaranteed minimum wage—amounting to Bfrs 15 500 gross per month—for all workers over 21 was once again requested.

A draft law on equal terms of employment for men and women was put before Parliament. This proposal aims at complete equality of remuneration, taking into account the value of the work done and the various elements which make up the wage. It also specifies that methods of evaluating activities and jobs must be the same for workers of both sexes.

### **Trends in wages and purchasing power**

209. The index of manual workers' wages laid down by collective agreements rose by 25.6% between December 1973 and December 1974, as against 16.0% for the preceding period, while that for white-collar workers increased by 23.0%, as against 12.1%.

As regards actual earnings, the 'rapid' index of gross hourly earnings of male manual workers in industry rose by 25.2% between October 1973 and October 1974, as against 15.3% for the preceding period.

On the basis of this indicator, which is the only one available, and taking into account the movement of the consumer price index (+15.8% between October 1973 and October 1974, as against 6.8%), it would appear that the increase in the purchasing



power of Belgian workers' hourly earnings was practically the same in the two periods concerned: 8.1% as against 7.9%.

### **Policy on asset formation**

210. In July, Parliament adopted a law designed to encourage savings as part of the fight against inflation. The measures include an increase in the tax-free amount of income from savings-bank accounts from Bfrs 10 000 to 15 000 and the introduction of a tax-free sum of Bfrs 10 000 for incomes from other forms of fixed-interest savings, on condition that the total income does not exceed Bfrs 35 000. However, in the sphere of collective agreements, no sector of the economy seems to want to follow the example of the investment wage introduced in 1972 in the building industry.<sup>1</sup> It should be noted here that the trade unions have not yet reached agreement on how the 'building industry social and economic fund' should be administered. At the beginning of 1974, the fund totalled more than Bfrs 1 000 million.

### *Denmark*

#### **Wages policy and the problems involved**

211. In Denmark, wages policy in 1974 was affected by the grave state of the economy and by the fact that the present agreement between the employers (DA) and the trade unions federation (LO) ends on 28 February 1975 and negotiations for a new agreement should begin between now and the end of 1974. At the beginning of 1974, the political parties met to discuss the economic crisis and in May the Government presented to Parliament its plan for stabilizing the Danish economy. This plan, which was adopted on 20 September 1974, includes a tax reform which should reduce the total tax yield on incomes for the 1975/76 tax year by about Dkr 7 000 million. For medium incomes this means an annual average reduction of 15% in taxation, equivalent to between Dkr 4 000 and 6 000. The Government hopes that the claims put forward during the forthcoming negotiations for collective agreements will take this into account.

The political compromise of May 1974 gave rise to certain difficulties of a social nature, since some trade unions had called strikes in support of their demands for an immediate increase in wages—for example, the brewers of Copenhagen, who demanded increases of about Dkr 1.50-2.50 per hour. The strikes were subsequently declared illegal and referred to the Labour Tribunal, while the brewers, who in July 1974 had received an increase of 23 øre per hour, bringing their wages up to the level of that of workers in the manufacturing industries, gave up their demands.

<sup>1</sup> Report on the Development of the Social Situation in the Community in 1972, point 64 (in fine).

In Denmark there is one school of thought which wants the negotiations for the next 'outline agreement', applicable from 1 March 1975, to be linked with the political negotiations currently being held in connection with the general economic situation, so that a 'totality solution' (Helhedslosning) may be found. In the view of the Danish trade unions federation (LO), this new agreement should give substantial increases (of about 25 to 35%) to workers at the bottom of the wage ladder. At a more general level, the LO is still demanding the institution of a certain form of participation in the capital of undertakings<sup>1</sup> and states, as a matter of principle, that the chief aim of the wages policy should be to increase 'real disposable income'. They are not very interested in how this is to be achieved, whether by direct or indirect taxation, price control, increase in money wages, or by a combination of these measures. As far as the employers' organization (DA) is concerned, the most important thing is to combat the acceleration in inflation, which is likely to lead to a high level of unemployment. The two organizations have laid down explicit conditions for any participation in discussions concerned with finding a 'totality solution'. It should be noted that the LO still insists on the need for automatic price index-linking of wages, whereas the DA is against such indexation.

### **Trends in wages and purchasing power**

212. Average actual hourly earnings increased by 21% between the second quarter of 1973 and the second quarter of 1974, as against 12.4% in the same preceding period. Taking into account the upward movement of the cost of living index in these two periods (14.4% as against 8.6%), it would appear that the purchasing power of hourly earnings of Danish workers rose by 5.8% between the second quarter of 1973 and the second quarter of 1974, as against 3.5% between the same quarters of 1972 and 1973.

### **Policy on asset formation**

213. The present Government did not adopt the draft law drawn up by the previous Government on the setting up of a 'central investment fund'.<sup>1</sup> On a quite different level, it put a compulsory saving scheme through Parliament in February 1973 as part of the anti-inflationary measures. This scheme applies to single persons with an annual taxable income of more than Dkr 40 000 and to married couples with an annual taxable income of more than Dkr 30 000 per spouse. The sum which has to be saved varies between 4% and 9% of incomes and payments should be made into banks from September 1974. These compulsory savings, which will be frozen for 5 years, will yield bank interest and may be invested in bonds if they exceed Dkr 2 000.

<sup>1</sup> Report on the Development of the Social Situation in the Community in 1973, point 199.

## Germany

### Wages policy and the problems involved

214. The economic and social situation in Germany at the beginning of 1974 was marked by great uncertainty with regard to short-term economic development. The situation varied considerably from one branch of activity to another and, in this context, the wages policy conducted by both sides of industry were of great importance. This matter was studied at the 'concerted action' session in January prior to publication by the Government of its annual economic report for 1974.

The collective wage negotiations at the beginning of the year mainly concerned the public sector and the metallurgical industry. For the former, a compromise was achieved in February, with an across-the-board increase in agreed wages for manual workers and in staff salaries of 11% or DM 170 a month, whichever was the higher. The same increase was approved by Parliament for 'civil servants' in the strict sense of the word. After the negotiations and arbitration concerning the metallurgical industry, the agreements reached at the end of February have also provided for immediate wage increases of 11%, but with an additional 2% in November or December. In 1974, as in 1973, most collective agreements were concluded in the early months of the year, and the aim of trade union policy was to avoid overlarge differences in pay rises between prosperous sectors and those in stagnation.

Economic policy for 1975 was studied at the June session of 'concerted action'. On this occasion a new trend emerged: the Government expressed the wish that, in future collective bargaining negotiations, the effects of the tax reform concerning the raising of the tax threshold and concerning family allowances be taken into consideration. As a result of this tax reform, total net income for those in the medium and low pay brackets should increase by about DM 15 000 million from 1 January 1975.

During the following 'concerted action' sessions, in September, the Government gave alternative estimates of the main aggregates of economic development in 1975, but did not, for all that, restrict the negotiating leeway of the two sides of industry. Employers' organizations asked that the wage increases fixed by the next agreements should be under 10%, and this was also recommended by the economic research institutes but contested by the unions. It should be pointed out that an agreement in the iron and steel industry provided for a wage increase of 9% from 16 October. Because of the good commercial results obtained by this industry, workers will also receive a bonus of DM 600, payable in two instalments, in November 1974 and May 1975. In the public sector, the unions claimed a wage increase of about 10% for 1975, of which 6% would be across-the-board and the rest in fixed sums.

### Trends in wages and purchasing power

215. There was a rise of 12.3% in the index of hourly wages laid down by collective agreement for workers between July 1973 and July 1974, as against 10.3% for the preceding period. The index of monthly salaries laid down by collective agreement for white-collar workers increased by 11.9% as against 9.9% in the same periods.<sup>1</sup>

### Policy on asset formation

216. On 22 February 1974, the Government adopted the broad outlines of a draft law on 'sharing in assets'. According to this proposal, undertakings with taxable profits of DM 400 000 (for limited liability companies) and DM 500 000 (for partnerships) would have to transfer part of their capital in the form of ordinary shares or, in some cases, in cash, to a clearing fund which would distribute these resources to funds specially set up for the purpose, enabling wage earners and others, whose income does not exceed a fixed ceiling, to obtain share certificates which they could not sell for seven years. After this deadline, the person who sold his shares would lose his right to further benefits, since the free use of the funds without any financial disadvantage is only possible after twelve years. The annual income ceilings would be DM 36 000 for the beneficiary and DM 54 000 for households where the spouse did not work, with a further DM 9 000 for each dependent child. The holders of certificates would be entitled to participate in the administering of the funds through elected representatives. The benefits provided for by the 'DM 624 law' or by any agreement with a firm would not be affected by the new laws. An interministerial working party was set up at the Ministry of Finance to examine the provisions of this draft law.

Application of the DM 624 law continues to increase. According to the information available, the employers' contribution amounted to some DM 4 000 million in 1973. About 18.2 million workers avail themselves of the provisions of this law, of whom 14.2 million do so on the basis of collective agreements providing for benefits from employers, and 4 million save exclusively out of their own wages and salaries. In 1973, the total amount of employers' contributions and workers' savings amounted to DM 9 500 million, and to 12 000 million if interest and Government bonuses are included.

In the context of the tax reform adopted by Parliament in July, the provisions for encouraging saving by laws on savings premiums and building society savings were amended. Income ceilings were introduced from 1 January 1975 for those entitled to bonuses, i.e. a taxable annual income of DM 24 000 for single persons and 48 000 for married savers, plus DM 1 800 for each child under 18.

<sup>1</sup> At the date of compilation of this report, the Federal Statistical Office had no data on actual earnings for 1974.

## France

### Wages policy and the problems involved

217. In an economic context similar to that of the other Community countries and one particularly marked by heavy price increases, the Government adopted on 12 June a 'policy for re-establishing economic and financial equilibrium' which contained the following objective: to re-establish the equilibrium of the trade balance and to reduce inflation without jeopardizing employment and growth. With this aim in mind, the Government maintained the contractual arrangements for controlling industrial prices, and increased income tax by 5 to 15% depending on the income bracket, whilst guaranteeing a refund by July 1975 of the sums paid which would be total in the case of the lowest income brackets and partial for other groups; it also increased the interest rate on savings bank accounts and building society savings and took certain other measures to curb consumption. With regard to wages and salaries, the Government plan provided for an average increase in purchasing power of 0.5% per quarter with larger increases for the lowest-paid workers. The trade unions were very critical of this plan, whereas the French National Council of Employers (CNPF) considered that, in the present situation, the fight against inflation did not make it possible to do more than maintain purchasing power. The CNPF criticized the clauses dealing with increases in purchasing power in the agreements concluded in public undertakings (*contrats de progrès*). But the Prime Minister declared on 15 October that these clauses would be retained. The trade unions, for their part, demanded the maintenance of purchasing power for all workers by means of a widespread use of sliding-scale systems, and also a continued increase in purchasing power. The agreements concluded brought about an increase in the purchasing power of wage and salary earners even in the private sector. With regard to guaranteeing purchasing power, widespread use of indexation should be noted, not only in clauses in collective agreements but also in the practice of undertakings which adjust wages and salaries according to price rises.

For the lowest wages, the SMIC was readjusted five times and rose from FF 5.43 on 1 December 1973 to FF 6.75 on 1 December 1974, i.e. a total increase of 24.3%. It is interesting to note that the analysis by branches of industry of the rates of pay of workers reflects the influence of the SMIC on agreed wages in branches, notably on those in the lowest wage groups. In fact the highest rises are found in those sectors where wages are lowest (health services, farming and food industries, etc.).

Since the 22 December 1972 Law on equal pay between men and women was enacted and the relevant decree was published on 27 March 1973, 15 cases of discrimination have been referred to the Ministry of Labour and the Inspectors of Labour have intervened in all the undertakings concerned. The Secretary of State with special responsibilities for the status of women considered it desirable that a progress report

be prepared on the application of this law and that the information supplied to works councils with regard to wages be supplemented by a breakdown of the total wage and salary bill by sex and occupation. Discussions on the representativeness of the '295 articles' price index published by the INSEE continued. The CFDT called for the preparation of several indexes, which would make it possible to obtain a more realistic picture of the impact of price increases on the budgets of various types of households.

### **Trends in wages and purchasing power**

218. The general hourly wage index for manual workers increased by 20.3% between 1 October 1973 and 1 October 1974, as against 15.1% for the preceding twelve months.

Taking into account the increase in the cost of living as shown by the movement of the '295 articles' index (14.8% between the September-October 1973 average and the September-October 1974 average, as against 8.0% for the preceding period), purchasing power for the period under review rose by 4.7% (as against 6.6%).

### **Policy on asset formation**

219. The Order of 17 August 1967 on the participation of wage and salary earners in the fruits of the expansion of undertakings continued to be further applied: on 1 September 1974, 9 296 participation agreements had been concluded, involving 10 406 undertakings and 4 269 320 workers. About half of the 1 800 'special agreements' included a calculation formula which indicates a special participation reserve that is higher than the one which would emerge from the usual statutory method of calculation.

On 1 April 1974, the five-year freeze ended on the FF 765 million paid as participation for the first year in which the order was implemented. Workers had, therefore, the opportunity to request conversion of their shares into cash. The amount actually paid out is not known, but it appears that about 45% of the sums invested was withdrawn.

## *Ireland*

### **Wages policy and the problems involved**

220. In Ireland the economic situation was marked by a fall in the growth rates (from 7% in 1973 to 2.3% in 1974), an increase in unemployment, which was already at a rather high level, and a heavy increase in retail prices. The price control system in force in 1973<sup>1</sup> was extended, but its effectiveness in curbing price increases was limited

<sup>1</sup> Report on the Development of the Social Situation in the Community in 1973, point 206.

by the fact that a great part of inflation was due to the rise in the prices of imported products. However, these factors did not play a very decisive role in wages policy since, for the first five months of 1974, the 1972 National Agreement was still in force and preparations for drawing up a new national agreement had been carried out at the Employer-Labour Conference in December 1973. The proposals of this Conference—initially rejected by the Irish Congress of Trade Unions—were finally accepted in March with some modifications. The agreement provides for wage increases in two six-month stages. The increase provided for in the first phase varies between 9% on the first £30 of the basic weekly wage (with a minimum fixed amount of £2.40) and 5% on the part in excess of £50 plus 60p per week in all cases. The second phase involves an increase of 4% in basic wages, plus 60p a week. Furthermore, the agreement contains an index clause: 1% of the basic wage will be paid halfway through the second phase for each 1% increase over 10% in the consumer price index for the period 15 November 1973 to 15 November 1974. This increase being of the order of 20% will mean a 10% rise in wages in the first part of 1975 for all workers covered by the national agreement. In this context, it should be noted that the Trade Unions have demanded that the consumer price index be revised so as to better reflect price rises and to take into account certain expenditure such as the increase in interest rates on mortgages.

The National Agreement, like the previous ones, contains provisions for eliminating anomalies between groups of workers with common characteristics and for closing gaps between wages for the same or similar work. A large number of claims have already been submitted in this connection in both the public and private sectors. The agreement, which, for the first time, granted equal increases to men and women, also authorizes trade unions to submit demands designed to reduce wage differences for same or similar work or work of equal value, or when pay differentials are based on the fact that the worker is married. Only a few claims have been submitted so far by the trade unions in the private sector. In the public service pay differentials for men and women were reduced by half from 1 December 1974.

Furthermore, on 25 June 1974, Parliament adopted a Bill designed to implement the principle of equal pay for men and women laid down in Article 119 of the EEC Treaty. Under this Bill, entitlement to equal pay arises when people of both sexes are employed by the same employer on like work in the same place of work. The Minister for Labour will entrust officials with the task of supervising the application of the law. The dismissal of a woman who has asked for equal pay will be forbidden. The Bill will enter into force on 31 December 1975.

The income tax system was reviewed and simplified: about 60 000 persons in low income brackets were exempted from taxation and a reduction in taxation—estimated at £32 million—was granted to all tax payers, particularly to those in the less well off groups. For example, a married person earning £1 000 a year will pay 42% less, and one earning £2 500 will pay 14% less.

## Trends in wages and purchasing power

221. Between the second quarter of 1973 and the second quarter of 1974, the actual hourly earnings for all workers in manufacturing industries increased by 20.0%, as against 19.7% for the preceding period.

Since the consumer price index rose by 16.2% between May 1973 and May 1974 and 11.7% between May 1972 and May 1973, the increase in the purchasing power of these hourly earnings was much less in this period than in the preceding one: 3.2%, as against 7.2%.

## *Italy*

### Wages policy and the problems involved

222. In 1974, wages policy in Italy was conditioned by the very high rise in the cost of living, the balance of payments deficit, and concern over the level of employment. The price control measures adopted by the Government in July 1973,<sup>1</sup> did not have the hoped-for results for many reasons, including the poor efficacy of supervisory bodies and the technical difficulties involved in assessing cost elements for the purpose of authorizing price increases. As a result, a whole series of new anti-inflationary measures was adopted in July 1974, consisting mainly of an increase in direct and indirect taxation (VAT, stamp duties, tax on petrol, corporation tax, special taxes on real estate in towns, on cars, etc.). But at the same time, the tax-free income of wage and salary earners, pensioners and like groups whose annual income does not exceed Lit. 4 million was increased from Lit. 840 000 to Lit. 1 200 000.

As regards collective bargaining, one of the trends referred to in previous reports was still manifest in 1974, namely the preferential increase in the lowest wages by means of absolute pay increases (from Lit. 16 000 to Lit. 25 000 per month), and also a reduction in the number of wage groups. As regards occupational classification, all contracts have abandoned the traditional tripartite manual worker-foreman-salaried employee formulas in favour of a single classification.

In keeping with tradition, collective agreements for each branch were followed by supplementary negotiations at the level of the undertaking ('contrattazione integrativa'). In this year's negotiations, wages were not the only concern. Large wage increases were granted by the big companies but attention was also paid to other points (level and guarantee of employment, investment programmes, organization of work, etc.).

<sup>1</sup> Report on the Development of the Social Situation in the Community in 1973, point 209.



Inflation clearly had repercussions on the level of the cost of living allowance, which increased by 41 points during 1974. This was due not only to price increases but also to the way in which the index system operated in 'points', which involves 'auto-acceleration' the further one gets from the year on which it is based.

The Italian trade unions also consider that the value of the 'point' is now inadequate and that it should be gradually raised to Lit. 948 a month for all groups, which is at present the level for salaried employees of the first group. Negotiations have taken place on the matter, and there have been several strikes in support of this demand.

### **Trends in wages and purchasing power**

223. The increase in the index of contractual minimum hourly wages for manual workers (excluding family allowances), as established by the Central Statistical Institute, from November 1973 to November 1974 in relation to the previous 12 months, was: 24.4%, as against 18.0%, in transport; 40.2% as against 25.5%, in agriculture; 23.2%, as against 26.5%, in industry; and 22.7%, as against 30.0%, in commerce. For salaried employees, the increase in the index of contractual monthly earnings shows for the same periods an increase of 22.2%, compared with 12.4%, in transport; 22.1%, compared with 26.4% in commerce; 18.5%, compared with 21.2%, in industry; and 3.5%, compared with 21.9%, in public administration.<sup>1</sup>

### **Policy on asset formation**

224. Indexation of savings, and in particular the establishment of a link between yield from shares and rises in the cost of living, was widely discussed, and proposals to this effect have been drawn up in economic and financial circles. These proposals have not been followed up as yet.

The introduction of a scheme of housing-savings has been the basis of draft legislation—it provides for the indexation of the amounts saved and the grant of loans up to 75% of the house cost.

The law adopted in June on the reform of the stock exchange created a new type of share, the 'savings share'. These shares do not give voting rights or the right to take a direct part in general meetings of shareholders but guarantee preferential interest of 5% of the nominal value per share when dividends are distributed. The remaining dividend must be allocated so that savings shares may receive an overall dividend which is 2% higher than that of ordinary shares.

<sup>1</sup> When this report was being compiled, no statistics were available for Italy in respect of actual earnings in 1974.

## *Luxembourg*

### **Wages policy and the problems involved**

225. There will have been a particularly rapid rise in the overall wage and salary bill for 1974 as a whole. This results largely from the rate of renewal of collective agreements, which are generally concluded for a period of two years and the most important of which were renegotiated in 1974. For instance, a new collective agreement entered into force on 1 January for manual workers in the iron ore and steel industry which provided for an immediate rise in real wages of some 13.5%. Salaried employees in the iron ore and steel industry received, under the previous year's collective agreement, an increase in their basic salary of some 4%. Moreover a bonus of LFr 10 000 per person has been granted. The entire work force of the iron and steel industry also received a substantial increase in the amount of bonuses. In the building industry the new collective agreement, which entered into force on 1 March 1974, provides, amongst other things, for a standard increase in hourly wages of LFr 10 which represents an increase of about 14% for the least skilled manual workers. Other collective agreements concluded in various industrial undertakings also took their cue from the results obtained by the wage and salary earners in the iron and steel industry.

In the public sector real salaries increased by 3% on 1 January 1974 and by 5% on 1 September 1974. The Government stated that it wished to have periodic negotiations with the most representative civil service unions in order to guarantee regular adaptation of pay in the public sector to that in the private sector. With a view to harmonizing these two sectors, the negotiations will, in principle, take place at least every two years. Particular attention will be given to the low income groups.

Because of the acceleration in price increases, the guaranteed minimum wage was automatically increased four times by an 'index instalment' of 2.5% in 1974. Accordingly the monthly rate, for an unskilled adult manual worker was raised to Lfr 9 875 on 1 January and further to Lfr 10 633 on 1 September. In addition to making the automatic increases in the statutory minimum wage under the sliding-scale system, the Government, pursuant to the Law of 12 March 1973, must submit to the Parliament every two years, and for the first time before 1 November 1974, a report on the trend in general economic conditions and in incomes, accompanied, where necessary by a draft law for a non-index-linked increase in the statutory minimum wage. This increase was brought about by the 23 December 1974 Law, which raised the minimum monthly wage for unqualified adult workers to Lfr 12 523, equivalent to Lfr 72.40 per hour for the statutory 40-hour week.

On 10 July 1974 the Government adopted the Grand ducal draft Regulation<sup>1</sup> designed to end legislative uncertainty and fill existing gaps in the matter of equal pay for men

<sup>1</sup> Report on the Development of the Social Situation in the Community in 1973, point 212 (in fine).

and women. After having given a definition of the concept of pay and specified that equality of pay must be assured for the same work or work of equal value, the Regulation stipulates that the various elements constituting pay must be determined according to identical standards for men and women, and rules that occupational categories common to both sexes and identical job classification criteria must be applied. Any clause in a contract or collective agreement which resulted in discrimination in conditions of pay would be declared null and void.

In the Government's Declaration of 4 July 1974, the implementation of a series of measures was announced; besides stepping up the fight against inflation, these are designed to achieve greater social justice. Thus, the threshold for taxable income has been increased to Lfrs 120 000 a year from 1 January 1975 and a negative taxation system will be studied. The possibility of allowing a reduced rate of VAT on a certain number of everyday consumer goods will also be examined; people receiving small pensions will receive an allowance for the rise in the cost of living; the system of index-linking wages and salaries, which is already very widely used, will be generalized. As regards the proposal to amend and update the price index, the professional bodies prefer to await the results of a new family expenditure survey. The possibility will also be studied of granting to small savings deposits, up to a certain income ceiling, guaranteed interest, financed by the State, which would be about 1 or 2% above the rate of increase in the cost of living index.

### **Trends in wages and purchasing power**

226. According to the results of the harmonized half-yearly survey on the earnings of workers in industry, the average hourly earnings rose from Lfrs 112.24 to Lfrs 137.44 between April 1973 and April 1974, which represents a nominal increase of 22.5%, as against 12.5% for the preceding period.

Since the weighted consumer price index rose during the same period by 9% the increase in the purchasing power of the hourly earnings of workers in industry was 12.4%, as against 5.2% during the preceding twelve months.

### *Netherlands*

#### **Wages policy and the problems involved**

227. The economic and social policy of the Dutch Government in 1974 was considerably influenced by the oil crisis in the last months of 1973 and by the jump in prices of raw materials which led to the promulgation of an enabling law (*Machtigingswet*) authorizing the Government, until 1 January 1975, to fix rules concerning rises in income. Under this law the Minister for Social Affairs, taking the situation with regard

to wages and working conditions at the end of November 1973 as a base, issued a Decree on 18 January authorizing a round sum increase for adult workers of Fl. 15 per month on 1 January 1974 and a second increase of the same amount when the collective agreements expire, but not later than 1 April 1974. Irrespective of these real increases, compensation for the increase in the cost of living in 1973 is allowed (indexation *a posteriori*) where this system is expressly mentioned in collective bargaining agreements.

These preliminary provisions provided the time necessary for the Government and workers' organizations to open negotiations on the definitive wages policy for 1974. It proved impossible to reach an agreement—differences of opinion particularly concerned the ceiling for compensation for price increases, the 'levelling out' and the possible taking into account of the deterioration in the balance of trade. So the Government published, on 5 April 1974, a new Decree containing the following provisions: a third compulsory wage increase of Fl. 15 a month on 1 April or one day after the expiry of the collective agreement; an advance of not less than Fl. 450 for a whole year as part of a 3% compensation for the rise in the cost of living, granted three months after the expiry of agreements; the balance to be paid in two instalments of 1.5% each, six months and twelve months after the expiry of agreements; the remaining compensation for the rise in the cost of living, in addition to the 3%, would consist in the granting of Fl. 160 minimum for each additional 1% increase in prices, with 0.3% not being compensated because this percentage represents the increase in employers' contributions to the sickness insurance scheme.

It should also be noted that the Government intervened, from January 1974, under the general enabling law and, again by Decree, to limit dividends and the fees of the liberal professions. Furthermore, a legal provision was made granting a reduction in income tax, from 1 July 1974, on wages, salaries and incomes such as to favour those in the lower income brackets.

The statutory minimum wage was adjusted several times in 1974. From 1 January it was raised from Fl. 985.40 to Fl. 1 049.10 a month. In accordance with the law, and because the lowest wages had been increased more than the average by collective agreements in 1973, the minimum wage was 'structurally' revalued by 2.5% from 1 April, bringing it up to Fl. 1 075.10 a month. The half-yearly 'normal' adjustment was to fix this minimum wage at Fl. 1 190.80 on 1 July and to Fl. 1 254.50 on 1 January 1975. In June the Minister for Social Affairs consulted the Economic and Social Council on the possibility of improving the method of adjusting the minimum wage to the general trend. A special reference index is being considered, which would take greater account than the existing index of wages laid down by collective agreements not only of the effect of the 'levelling out' of wages and salaries but also of the difference between actual earnings and the rates laid down by collective agreements. Furthermore, a statutory minimum wage for young people was introduced on 1 January 1974. It applies to all young people aged 15 to 22 and is derived from the

minimum wage for adults by subtracting 7.5% for each year of age of the young person concerned, from 22 downwards. Thus, on 1 July 1974, the minimum wage for a worker aged 22 amounted to Fl. 1 101.50 (92.5% of 1 190.80) and to Fl. 476.30 for a young person of 15.

After receiving the unanimous opinion of the Economic and Social Council,<sup>1</sup> the Government presented to Parliament on 21 August 1974 a proposal to include in Dutch legislation provisions facilitating application of the principle of equal pay for men and women. This draft law gives all workers the opportunity to demand equality of wages for a work of equal value in the same firm or in a firm in the same sector where wage structures are comparable—firstly before an 'equal pay Commission' consisting of representatives of the Government and both sides of industry and then, if necessary, before collective agreement conciliation committees and tribunals. Assessment of work done will be made using job evaluation methods. This law has been approved by the Second Chamber and is expected to come into force on 1 January 1975.

### **Trends in wages and purchasing power**

228. The monthly index of the contractual hourly earnings of all categories of workers (private and public sectors, manual workers and salaried employees of both sexes) rose by 16.8% between November 1973 and November 1974, as against 13.2% during the preceding twelve months.

The 'rapid' index of the gross hourly earnings of adult male workers in industry, commerce, transport, banking and insurance, calculated on the basis of the results of a selective survey, reveals an increase of 18.3% for the period between July 1973 and July 1974, compared with 12.8% for the period between July 1972 and July 1973.

Taking into account the movement in the index of household consumer prices (series for workers' households), which rose during the reference period by 9.5%, compared with 8.4% from July 1972 to July 1973, the real increase in the hourly earnings of workers in the abovementioned branches was almost double that for the previous year (8%, compared with 4.1%).

### **Policy on asset formation**

229. During 1974 the policy on asset formation by workers was given new impetus in the discussions on general economic and social policy. When the Government turned down the trade unions' plan to introduce a tax on 'excessive' profits it stated its intention to prepare a draft law on the participation of workers in the profits and

<sup>1</sup> Report on the Development of the Social Situation in the Community in 1973, point 215 (in fine).

capital growth of undertakings. This draft law may be submitted to Parliament during the first half of 1975 and, if it is adopted, be applied to the profits from 1975. The trade unions were generally in favour of a system providing for a 'central clearing fund' and wished to play an important part in its administration. The employers' organizations are awaiting further details of the Government's proposed measures before giving an opinion.

### *United Kingdom*

#### **Wages policy and the problems involved**

230. The end of 1973 and the beginning of 1974 were marked not only by a speed up in inflation and the effects of the oil crisis but also by the serious conflict that arose in the coal industry at the time of renegotiation of the collective agreement which was due to expire on 1 March 1974. After the new Government had been formed following the parliamentary elections on 28 February, restrictions on electricity consumption in factories, offices and shops were lifted, and at the same time the three-day working week in some industries, which had led to a considerable drop in workers' earnings, came to an end. The dispute in the coal industry also came to an end, and wage increases of 22 to 36% were awarded.

The new Government maintained the statutory controls on pay until 26 July, when they were repealed. During this period the Government made use of the limited powers of consent in the Counter-Inflation Act<sup>1</sup> to permit settlements to be made outside the terms of the Stage III policy where the circumstances were truly exceptional.

Discussions between the Labour Party and the trade union movement had laid the groundwork for the Social Contract. As part of the Social Contract the General Council of the TUC published a statement of policy in June, entitled 'Collective Bargaining and the Social Contract' which made recommendations to negotiators about the conduct of collective bargaining. This was overwhelmingly endorsed by the Congress in September.

The main recommendations of the Social Contract with regard to wages policy have the following objectives: maintenance of real income levels by compensations for the rise in the cost of living, the reform of wage structures, and the elimination of any wage discrimination, particularly with regard to women. The Contract recommends that in general there should be an interval of one year between two major pay increases, and stipulates that any difficulties which arise may be brought before

<sup>1</sup> Report on the Development of the Social Situation in the Community in 1973, point 218.

a newly constituted body, the ACAS (Advisory, Conciliation and Arbitration Service), which will be controlled by representatives of the Confederation of British Industry and of the Trade Union Congress and independent members. Furthermore the Social Contract recommends that during joint negotiations, one of the objectives to attain should be a minimum wage of £30 for a normal working week. The General Council of the TUC has undertaken to keep the developing situation under review and expects unions which experience difficulties in conforming to the spirit of the policy either to consult the General Council or at the Council's invitation to discuss the situation with them.

As regards one of the most important elements in the Social Contract, i.e., maintenance of the level of real earnings by compensations for the rise in the cost of living, it should be remembered that a certain type of sliding-scale ('threshold') agreement had been authorized by Stage III of the anti-inflationary programme. This system, which had become very widespread, provided for the payment of a supplement of 40p per week for each additional 1% rise in the cost of living index after a certain level (index: 207.5). Stage III threshold agreements came to an end with the publication in November of the October retail price index. The first payment was triggered off by the April index published in May and altogether there have been eleven payments giving an increase of up to £4.40 per week to the majority of wages and salaries earners.

Since 1970 the Department of Employment has maintained a register recording movements towards equal pay in national agreements for manual workers, and Wages Orders, which in 1970 contained discriminatory references to women. Recent analyses of the register have shown that the proportion of agreements where the lowest women's rates were 90% or more of the lowest men's rate has risen from one-seventh in March 1972 to four-fifths in August 1974. At plant level, the situation is similar. The Government have, nevertheless, expressed concern about the lack of progress in certain areas of the economy and have recently launched a publicity campaign in the national and local press to make employers aware of their obligations.

Lastly, mention should be made of the setting up by the Government of a Royal Commission on the Distribution of Income and Wealth, which is responsible for carrying out a detailed study of the distribution of income from employment and self-employment and the distribution of capital or assets and investment income. Two specific references have already been submitted to it by the Government, on 22 October 1974. The first, made by the Secretary of State for Employment, calls for an analysis of all forms of income from employment and self-employment at the high levels i.e., from £10 000 per year. The second, made by the Chancellor of the Exchequer, concerns the distribution of ownership of equity capital and the income derived therefrom, changes in the pattern of paying dividends in recent years, and the role of equity capital in the financing of British industry.

**Trends in wages and purchasing power**

231. Between December 1973 and December 1974 the index of basic weekly wage rates for manual workers rose by 28.5%, as against 12.3% in the preceding 12 months.

Average earnings (of manual and non-manual workers) rose by 25.2% between November 1973 and November 1974, as against 12.5% between November 1972 and November 1973. In view of the increases in the retail price index, which, during those two periods, were 18.3% and 10.3% respectively, it would appear that the purchasing power of real earnings increased by 5.8% between November 1973 and November 1974 as against 2.0% in the preceding twelve months.

**Policy on asset formation**

232. In August the Government announced that it was planning to authorize retired persons to invest up to £500 a head in a new type of savings bond, indexed-linked to the cost of living. Similar provisions would be applied to new Save As You Earn (SAYE) contracts for savings withheld from wages and salaries at source. A bonus, the amount of which has not yet been decided, would be paid on savings bonds held for five years and on savings contracts of the SAYE type observed for seven years. All interest would be tax free.



# Housing

## Trends within the Community

233. The joining of the battle against inflation, and the shock of the oil crisis, have had far reaching consequences for both housing and general economic policy.

In several countries, the situation has aggravated the distortions already apparent in the housing market, where investment in housing as a hedge against inflation has led to local surpluses of dwellings in the speculative market at a time when there is still a relative shortage of accommodation at rents acceptable to those traditionally dependent on public sector housing. In some countries, Governments have acted to stabilize activity in the building industry and in the housing market. In several, unemployment in this industry has reached high levels. Policy-makers everywhere have had to reconsider needs and objectives in the public sector.

In a general way, the energy crisis has given rise in most countries to studies on the means of ensuring better insulation of dwellings. Some countries have changed the conditions for obtaining subsidies in order to cover the additional expenditure incurred in improving insulation.

234. Faced with permanent increases in building costs, in rates of interest for long-term borrowings and, consequently, in rents and charges, at a time of increasing budgetary restrictions, Governments have tended to think in terms of:

- (a) Reassessing annual programmes of construction in the public sector at a new minimum level;
- (b) Concentrating resources on meeting the needs of those groups of the population least able to solve their housing problems themselves—for example, large families, old people, the handicapped, migrant workers;
- (c) Reliance on 'rent allowances', rather than indiscriminate general subsidies, as a more flexible means of assistance which takes full account of changes in the capacity of individuals to pay for their housing;

- (d) A continual transference of resources towards improvement and modernization of older housing, so that the general level of the housing stock is at least maintained and resources for new building reserved for priority needs.

235. While these tendencies are reinforced by economic and financial pressures, nevertheless there seem to be certain positive developments in the new situation. A more rational and constructive pattern of intervention may emerge and may establish itself in permanent fashion; the worst-housed groups in the population may even gain from the new direction of policy. From the Community's point of view, what matters is not the number of dwellings built, or the amount spent on housing in any given year, but the progress made in an age of relative affluence, eliminating the scandal of bad housing conditions and providing adequate housing for all who are still in need of it, in whatever part of the Community.

236. It is significant to note that in several Member States, planning policy is laying increased emphasis on a more even distribution of population and economic activity within the national territory. Such a policy, which is also relevant to the struggle for economic stability, has far-reaching implications for housing policy. In most countries, housing conditions in the outlying regions fall far below the national average, a factor which has in some cases discouraged the movement of industry and investment. Any serious effort to enhance the economic attractiveness of the regions will depend on a much-needed improvement of the quality of the housing and its environment and on a reorientation of housing markets to meet the new situation. The Commission, committed as it is to regional economic progress, is aware of the housing aspect, which is so vital to the well-being and balanced social development of the areas concerned.

## Development of the situation in the member countries

237. In *Belgium*, despite a certain regression in the economic situation, there was still considerable activity in the building industry in 1974. This was a result of the new impetus given by measures adopted in 1972 following a decline in the number of dwellings constructed after the introduction of VAT.

The Government attributes the substantial increase in construction costs to this high rate of activity. Although that view could be contested as being too much of a generalization, the Government has decided to take restrictive action.

In *Denmark* the Government was able to obtain, in June 1974, the agreement of the Parliament which was elected at the end of 1973 on a new four-year housing pro-

gramme to replace the one which had been adopted in 1973<sup>1</sup> but never implemented.

The new programme provides for the building of about 40 000 dwellings annually, 8 000 of which would be in the low-cost sector, and for the financing of the latter (15% by public authorities and 8% by the national building society fund). In addition to legal increases in rent, arrangements are made for changes in the system of interest-rate subsidies and in taxation regulations governing owner-occupied dwellings.

In *Germany* many investment plans had to be reconsidered because of the rise in prices and in the level of interest rates. Thus the value of orders in the building industry, both from public authorities and from private individuals, fell by about 26% during the first half of 1974 compared with the same period in 1973.

The general economic situation led to a relatively large increase in unemployment, which, again, was very apparent in the building industry, which employed 1 323 333 persons in October 1974, 12.7% fewer than in October 1973.

A total budget of DM 1 850 000 000 approved by the Federal Government on 6 February and 25 September 1974, together with additional contributions of DM 650 000 000 from the Länder, is earmarked for two programmes to encourage investment in local infrastructure, new housing and modernizing of older housing, with a view to sustaining employment in regions and localities with structural problems.

In *France* the effects of the general economic situation were only felt in the building industry towards the end of 1974. The decline in building activities recorded from October onwards and estimated at 15 to 20% is expected to continue in 1975.

The difficulties which had to be coped with during the period under review are bound up with the implementation of the broad outlines of a policy for older housing, which were defined in 1973.

The absence of the necessary statistics and inadequate knowledge of what has been achieved render it particularly difficult to make preliminary studies and draw up modernization programmes.

In *Ireland* the economic recession threatened to lead to a reduction in grants for the construction of owner-occupied dwellings, generally speaking about 70% of housing production. The Government intervened in order to maintain the mortgage interest rate and the bank rate at acceptable and mutually compatible levels and provided for special loans for building societies, increased budget appropriations for loans granted by local authorities to purchasers of dwellings, and maintained a high level of completions in the public sector in order to avoid a shortage of accommodation.

<sup>1</sup> Report on the Development of the Social Situation in the Community in 1973, point 223.

In *Italy*, the difficulties already observed in 1973 with regard to implementation of the housing policy were accentuated still further because of the worsening in the general economic situation and the financial measures taken by the Government, which have led to a tightening in the credit market and increased interest rates.

The high unemployment rate recorded for workers in the building industry does not, however, appear to be entirely due to this situation, since skilled workers have been leaving the building industry for several years past, particularly for other industrial sectors. This phenomenon gives all the more cause for concern in the long term because the Government does not have the resources to finance the construction of low-cost housing.

In *Luxembourg* the new Government, in its declaration of 4 July 1974, announced that the present subsidy arrangements for low-cost housing would be replaced by a new system which will be based chiefly on the granting of a state guarantee and interest-rate subsidies and which will make it possible to reimburse VAT on a differentiated basis.

In the *Netherlands*, the consequences of the economic situation are made worse by the fact that the housing shortage has been resolved in most areas during the last few years. It was not possible, therefore, to maintain the production of new dwellings at a high level and it has, in fact, fallen considerably. This resulted in considerable unemployment in the building industry (July 1973: 13 124; July 1974: 24 504).

In the *United Kingdom*, the new Government made short-term loans totalling £500 000 000 to building societies to maintain the mortgage interest rate at 11% and end the shortage of mortgage finance. Additional public expenditure provision was made and purchase of new unsold houses from private developers encouraged to help local authorities cope with the difficulties in the public sector.

The Government has legislation before Parliament to repeal the Housing Finance Act 1972, which made provision for increases in rents up to what was regarded as a 'fair' level and for a related subsidy system. The new proposals would return to housing authorities freedom to decide on the level of rents for their own housing, and would revise the subsidy system.

### **Dwellings completed, housing requirements, building programmes**

238. It is obvious that the developments in the economic situation described above had a direct influence on the number of dwellings completed during the period under review. In 1973 it was possible to equal the level of the previous year<sup>1</sup> but the figures

<sup>1</sup> Table 7, page 150.

available for 1974 do not provide a very optimistic prospect. Furthermore, the number of dwellings begun in 1974 holds no promise of better results for next year.

From the qualitative point of view, the results of surveys and opinion polls carried out regularly show that vast quantities of housing no longer meet the requirements of hygiene and comfort. Despite the considerable efforts made to encourage modernization, the number of these dwellings is constantly increasing, particularly in regions which are economically underprivileged.

### **Buildings costs**

239. There was a considerable rise in building costs in most countries last year. Although all the details are not yet available, a conservative estimate suggests about 23%. This percentage obviously varies from country to country.

Judging from the data available, it should be noted that in several countries the rise in the costs of industrialized building is not much less than in traditional building; moreover, it is observed that industrialized building is more or less restricted to individual orders in the private sector.

There was also a considerable increase in financing costs in the majority of the Member States: the interest on mortgage loans was about 12%.

### **Rents**

240. In *Belgium*, most rents in the private sector are linked to the consumer price index. Rent increases in this sector can therefore be assessed at about 11%.

In *Denmark*, there are no up-to-date statistics on rent, although it should be mentioned that the 'accommodation' item on the consumer price index increased by scarcely 9% between May 1973 and May 1974.

In *France*, controlled rent increases were from 8 to 9%, although the Government had recommended an increase of 6.8% for the decontrolled sector.

In *Italy*, the rent freeze was once again extended for a year. A small differentiated increase of between 10 and 20% was authorized only for leases signed before 1953. There was even a reduction in rent for dwellings which were let for the first time after 1 December 1969.

In *Luxembourg*, the rent of new accommodation may not exceed 5% of the capital investment.

In the *Netherlands*, the rent level rose by 6.1% during 1974, compared with an increase of 10.9% in the cost of living index.

In the *United Kingdom*, the pooling of receipts and expenditure on new and old dwellings made it easier to keep rents of new and old dwellings at a reasonable level.

A new Rent Act extends the security of tenure of tenants leasing furnished accommodation from non-resident landlords in the private sector.

Nearly all rents were frozen in March 1974 as part of the policy to combat inflation.

### **Clearance of slum dwellings and urban reconstruction**

241. The growing interest in modernizing the old housing stock, referred to in the 1973 Report,<sup>1</sup> is now taking the form of practical measures. Nevertheless, practical difficulties arising from the implementation of policy guidelines in this sphere are greater than was at first thought.

Since this is a problem of general interest, the Commission has begun a study of the basic essentials of urban renewal, making use of experience acquired in Member States where the emphasis has been on improvement rather than demolition of old quarters of the town.

In *Belgium*, the State gives grants for improvement work on insanitary housing, and the Caisse générale d'épargne et de retraite (General savings and pensions bank) provides reduced-rate interest loans for carrying out this work. In addition, the State pays the total costs of demolishing slums when this is carried out on the instructions of communes or public building societies.

In *Denmark*, a proposal was made to authorize rent increases for maintenance, improvement, insulation, etc. At the same time provision was made for releasing some of the resources of the property owners' investment fund for similar purposes.

In *Germany*, financial intervention by the public authorities made it possible to concentrate on modernizing older housing and on urban renewal. This aid, which covers both private and low-cost subsidized dwellings, takes the form of temporary interest-rate subsidies.

In *France*, on 1 July 1974, the 'Agence Nationale pour l'Amélioration de l'Habitat' (the National Agency for Housing Improvement) approved 45 plans covering 23 000 dwellings, for a total of FF 121 million. These are very complex operations, especially since three other institutions are involved, together with the municipalities in which the operations are carried out.

In *Ireland*, drainage and sewage disposal works and the reconstruction and improvement of old dwellings have continued on a large scale, with more than 24 000 dwellings receiving various subsidies from the Government in 1973.

<sup>1</sup> Point 227.

In *Italy*, Law No 865 adopts a systematic approach to the problem of modernization, since it enables the Government to order the demolition of slums at the expense of the owner of the land and to use part of the former GESCAL funds for improving groups of dwellings situated in historic centres. The Law provides a third possibility of aid towards improving the existing dwellings of the 'case popolari'.

In view of both the practical difficulties connected with the implementation of Law No 865 and the lack of coherence in the different possibilities of obtaining aid referred to above, very little work has been undertaken so far.

In *Luxembourg*, amendments made in 1973 to provisions for grants for the hygienic improvement of dwellings have given a new impetus to this sector. Whereas in 1973 the total number of grants was 1 465, it already totalled 1 980 for the first eight months of 1974.

In the *Netherlands*, it had been hoped that the manpower released from the building of new housing could be used for modernizing old dwellings. However, legal, economic, organizational and technical problems make it difficult to carry out this redeployment. Moreover, private individuals appear to show very little interest in the matter, as is borne out by the number of applications for financial aid from the State, which is lower than expected. At the end of 1974, however, measures were taken to reverse this trend.

In the *United Kingdom*, Government policy continued to stress the importance of modernizing old dwellings, and in 1973 more than 450 000 improvement grants were approved. A large proportion of these concerned regions with a high level of unemployment, which are also generally regions where housing conditions are below the national average. Larger grants were available for these regions up to 1974.

### **Town and country planning**

242. In *Denmark*, draft legislation on the planning at municipal level was proposed in spring 1974 to change the outline law on national and regional planning. The aim of this new legislation is to simplify existing arrangements and to decentralize responsibility for this matter to a considerable extent.

In July 1974, in *Germany*, it was decided to make Federal building law (*Bundesbaugesetz*) a fully effective instrument in town and country planning in the Federal Republic. At the same time, the following aims were laid down for town and country planning programmes:

1. Improvement of living conditions in areas with inadequate structures, and elimination of existing disparities;

2. Guaranteeing or strengthening the functional efficiency of highly populated areas by improving the infrastructure and housing and environmental conditions;
3. Abolition of 'mono-structures' and promotion of structural differentiation.

In *France*, the two main objectives of town and country planning policy have been defined as follows in 1974:

- (a) To obtain a better distribution of conurbations by encouraging the development of medium-sized towns, the harmonious spacing of dwellings, and the creation of green belts;
- (b) To combat social segregation in towns and land and property development speculation.

The development of medium-sized towns began in 1974 with the signing of about 15 planning agreements, and it is hoped that a similar number will be reached during the coming year. Investments in the road network are closely linked with these activities, for which the State allocated a total of FF 42 million, covering seven agreements, in 1974. Account is taken, in this connection, of the wishes and needs expressed by those seeking accommodation, i.e., to live in green surroundings away from the noises of the town but having at their disposal good means of communication with their place of work.

In *Ireland*, a new law was adopted which is designed to increase the power granted to local authorities for dealing with unauthorized development and to enable them to withdraw authorizations which are not used within 5 years.

In *Italy*, the 1948 Constitution makes regional bodies responsible for town and country planning. These bodies were, however, only set up very recently, their administrative structures are not yet very developed, and their financial resources are still too small to enable them to carry out the tasks entrusted to them. Moreover, the regional laws on planning and land use, where they are already being drawn up, have no points of reference or coordination, since there is no national outline law on the subject. It is hoped that this shortcoming will be rectified by November 1975 at the latest.

In *Luxembourg* a general planning law came into force on 20 March 1974. Its aim is to ensure the inhabitants of the country, in the long term, better living conditions, both physical and intellectual, by encouraging for the general good the harmonious development of land through the best possible use of resources.

In the *Netherlands*, efforts have been made for many years, in the planning context, to achieve deconcentration by setting up development poles (gebundelde deconcentratie) which are designed to prevent the growing population from spreading over all areas of the Netherlands, thus leading to a disorganized and unstructured pattern of settlement of the country, the subsequent loss of all open spaces and an inefficient communications system.



Although the very principle of this deconcentration encountered some criticism and although the aim envisaged appears very difficult to achieve in practical terms, it was none the less adopted as a guideline for the future in the memorandum on town and country-planning which appeared at the end of 1973—beginning of 1974. There was a new element in the policy in that measures taken in the planning field should also lead to the elimination of social disparities and the creation of better living conditions for underprivileged groups of society.

In the *United Kingdom*, recent legislation has endeavoured to broaden the planning appeal procedure, so as to take into account all the implications of projects by a 'public examination' rather than by a simple hearing of objections. The procedure applies to structure plans (i.e. the policy component of the new kind of development plans) and the first examinations in public have already taken place.

The Government plans to take steps to enable local planning authorities to acquire, ultimately at existing use value, virtually all the land necessary for development in their areas. Pending the coming into full operation of the scheme, a tax would be imposed on private sales of such land in the open market and local authorities would buy development land out of this tax.

### Housing of underprivileged groups

243. Following the Council Resolution of 21 January 1974 concerning a Social Action Programme, the Commission has paid special attention to the housing problems of underprivileged groups, namely migrant workers and handicapped persons.

In addition to the sociological survey of housing conditions of *migrant workers*, which is now in progress and the results of which are expected in 1975, the Commission:

- intends to improve the comparability of the data supplied periodically by the Member States on the housing of migrant workers in accordance with the Recommendation of 1965;<sup>1</sup>

- plans initiatives similar to the measures taken under the seventh ECSC low-cost housing scheme, that is, economic incentives for migrant workers to opt for better housing.

As regards *physically handicapped persons*, the Commission is aware that suitable housing which ensures the mobility of the handicapped person is often the precondition for the success of any occupational rehabilitation. Consequently, a group of non-governmental experts has worked out minimum standards for examination by the Member States, with a view to their adoption in the legislation relating to low-cost housing.

<sup>1</sup> The Fourth Report on action taken on this Recommendation in the Member States has recently been published.

**TABLE 7**  
**Completed housing and proportion of subsidized dwellings<sup>1</sup>**

Country	Dwellings completed	1968	1969	1970	1971	1972	1973 <sup>2</sup>
Belgium <sup>3</sup>	Total number of dwellings	47 400	57 030	44 900	43 000	51 921	59 333
	Number per 1 000 inhabitants	4.9	5.9	4.6	4.4	5.6	6.1
	Number of subsidized dwellings	25 600	29 240	24 700	26 300	33 763	39 499
	% of total	53.9	51.3	55.0	61.0	65.0	66.0
Denmark	Total number of dwellings	44 700	49 700	50 575	50 175	50 000	55 566
	Number per 1 000 inhabitants	9.2	10.2	10.3	10.1	10.0	11.1
	Number of subsidized dwellings	16 900	17 225	18 475	17 525	13 975	12 671
	% of total	37.8	34.7	36.5	34.9	27.9	22.8
Germany	Total number of dwellings	519 900	499 700	478 100	555 000	660 600	714 226
	Number per 1 000 inhabitants	8.6	8.3	7.9	9.1	10.7	11.5
	Number of subsidized dwellings	179 800	183 200	137 100	116 300	121 200	119 236
	% of total	34.5	36.7	28.7	21.0	18.3	16.7
France	Total number of dwellings	411 000	427 100	456 300	475 700	546 300	500 500
	Number per 1 000 inhabitants	8.2	8.6	8.9	9.3	10.8	9.6
	Number of subsidized dwellings	325 000	330 000	355 000	371 700	410 100	374 000
	% of total	79.0	77.3	78.0	78.1	75.1	74.7
Italy	Total number of dwellings	271 000	283 100	377 200	360 600	259 000	181 290
	Number per 1 000 inhabitants	5.0	5.3	7.0	6.7	4.4	3.3
	Number of subsidized dwellings	26 000	25 000	24 100	22 200	20 000	13 500
	% of total	9.6	8.8	6.2	6.2	7.7	7.4

TABLE 7 (continued)

Country	Dwellings completed	1968	1969	1970	1971	1972	1973 <sup>2</sup>
Ireland	Total number of dwellings	11 908	13 983	13 567	14 990	20 827	23 870
	Number per 1 000 inhabitants	4.1	4.8	4.6	5.0	6.9	7.8
	Number of subsidized dwellings	11 580	13 448	13 110	14 515	20 314	23 133
	% of total	97.2	96.2	96.6	96.8	97.5	96.9
Luxembourg	Total number of dwellings	1 900	1 870	1 700	1 917	2 254	2 246
	Number per 1 000 inhabitants	5.8	5.5	5.1	5.6	6.5	6.6
	Number of subsidized dwellings	600	500	700	537	703	1 124
	% of total	29.7	28.4	40.0	28.0	31.2	50.0
Netherlands	Total number of dwellings	122 800	123 100	117 300	136 600	152 272	155 412
	Number per 1 000 inhabitants	9.7	9.6	9.0	10.4	11.5	11.6
	Number of subsidized dwellings	101 600	104 500	97 100	114 300	125 766	124 337
	% of total	82.7	84.9	82.8	83.7	82.6	80.1
United Kingdom	Total number of dwellings	425 800	378 300	362 300	364 400	330 700	304 000
	Number per 1 000 inhabitants	7.7	6.8	6.5	6.6	5.9	5.4
	Number of subsidized dwellings	122 400	120 700	146 800	199 600	289 800	114 000
	% of total	28.7	31.9	40.5	54.8	87.6	37.5
Community	Total number of dwellings	1 856 408	1 833 883	1 901 882	2 002 382	2 073 874	1 996 443
	Number per 1 000 inhabitants	7.4	7.3	7.6	7.9	8.1	7.8
	Number of subsidized dwellings	809 480	823 813	817 025	882 977	1 035 621	821 500
	% of total	43.6	44.9	42.9	44.0	49.9	41.2

<sup>1</sup> 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.

<sup>2</sup> Provisional figures.

<sup>3</sup> The figures refer to dwellings, whose construction was started.

## Family affairs

### Trends within the Community

244. The major problem for families is now in all probability the rapidly increasing rates of inflation. As a result, the demand for the introduction of a system of automatic adjustment of the amount of family allowances to increases in the cost of living or wages and salaries has received new impetus in those countries where such a system does not already exist. Moreover, austerity budgets may involve some slackening of the effort to develop collective facilities (day nurseries, welfare centres, youth clubs, etc.) which families need just as much as benefits.

Several member countries have reexamined the ways of compensating for family commitments. In Germany, the system of tax concessions for dependent children has been replaced by an extension of family allowances, allocated from the first child onwards, and irrespective of the parents' income. A revision of the systems of tax relief is being studied in the United Kingdom, France and Luxembourg.

245. Increased recognition of motherhood as a 'social function', which should not work to women's disadvantage, whether they are following a career or not, is leading to the introduction of social security measures giving women personal entitlement to sickness insurance and pensions and has given rise to certain efforts, as yet inadequate, to expand vocational training or retraining opportunities for women wishing to take up or resume work after having brought up their children. In all countries of the Community there has been increased awareness of the difficulties experienced by widows, divorced or separated women and, more generally, single parents with dependent children, such groups being particularly vulnerable but, paradoxically, often insufficiently covered by social protection systems. This concern is reflected in the Community's Social Action Programme, which provides for measures to extend social protection to categories of persons insufficiently protected by the existing schemes.

246. Public authorities are under increasing pressure to provide day care centres for

young children. The serious shortage of day nurseries in all countries of the Community can be seen clearly from the table below, if one bears in mind the growing number of married women and mothers going out to work. A few figures will illustrate the considerable gap between supply and demand: the number of children under the age of three whose mothers go out to work is estimated at about 800 000 in Germany and in France and at 79 000 in Belgium.

### Day nurseries

(Non-profit-making establishments for children under the age of 3)

Country	Date	Number of establishments	Number of places
Belgium	9 July 1974	150 day nurseries 295 'sections préguardiennes' <sup>1</sup>	7 668 5 900
Denmark	31 March 1974	484 public day nurseries 208 'day nurseries in private homes' <sup>2</sup>	16 829 24 821
Germany	December 1973	653	20 428
France	1 Jan. 1974	797 day nurseries 234 'day nurseries in private homes' <sup>2</sup>	36 585 14 479
Ireland	October 1973	20	1 250 approx.
Italy	1973	2 040	91 800 approx.
Luxembourg	1974	8	400
Netherlands	1974	120	5 000 approx.
United Kingdom	31 March 1973	563 local authority day nurseries 70 firms' day nurseries <sup>3</sup>	27 104 2 198

<sup>1</sup> For children between 18 months and 3 years.

<sup>2</sup> 'Day nurseries in private homes' are networks of child minders based in their own homes, attached to a day-nursery or a welfare centre or working for local authorities, the child minders being approved and supervised by qualified staff.

<sup>3</sup> For England and Wales only.

It was not until very recently that attempts to draw up a planned development of day nurseries began in certain Member States. Italy has gone farthest in this direction by drawing up a five-year plan (1971-1976) for the construction of 3 800 new crèches and by providing the funds to finance this development. The result has been the creation of 1 428 crèches in two years; while this is still insufficient to satisfy demand, it shows that real improvements in such facilities can only be achieved by a comprehensive policy with the necessary financial support. These points will be taken into account in the proposals which the Commission will forward to the Council, within

the framework of the Social Action Programme, with a view to ensuring equality between men and women as regards employment and working conditions.

247. In the sphere of civil law certain tendencies common to the Member States emerged: in France and Germany the age of majority was lowered in 1974; reforms of the family law, divorce and adoption were carried out or are being planned; in several countries (United Kingdom, Germany, Denmark, Ireland) official commissions or private bodies called for the setting up of 'family courts' competent to deal with all questions of family law and analogous to the French 'Chambres de la famille'.

248. Lastly, it should be mentioned that the COFACE (Committee of Family Organizations in the European Communities) forwarded to the Community Institutions a document containing its observations on the Social Action Programme, which, in its opinion, contains some positive points but only partially expresses the aims adopted at the Paris Summit as regards the improvement of living conditions. The representatives of the COFACE elaborated on the remarks made in their document during the course of a hearing, in September 1974, before the European Parliament's Committee on Social Affairs and Employment.

## Development of the situation in the member countries<sup>1</sup>

### *Belgium*

249. Of special importance for families was the Law of 16 July 1974 which, going beyond the present system of pegging family allowances to the price index, provides for an annual adjustment of such allowances in accordance with trends in general prosperity. In 1974, the families of wage and salary earners and civil servants received an additional month's family allowance at the beginning of the school year; although this additional allowance has been paid for some years, it has not yet become statutory, with the result that certain categories of families, particularly those of frontier workers employed in France, do not receive it.

In 1974 decrees were issued implementing the Law of 1971 setting up a Fund for Collective Facilities and Services, financed from the reserves of the National Office for Family Allowances for Wage and Salary earners. These decrees lay down the

<sup>1</sup> See also Chapter IX 'Social security'.

terms on which loans and subsidies may be granted to crèches and to home help services for families and old people. In 1973, 134 services, comprising 4 494 home helps for families and 2 483 home helps for old people, received over Bfrs 720 million in subsidies from the Ministry for Public Health. Under a Royal Decree of 18 February 1974 a system of subsidies was introduced for day nurseries which organized a system of child minders, the latter being advised on medical and other matters by the staff of the day nursery.

Royal Decrees altered the regulations governing pre-marital, marriage and family guidance centres (which provide assistance to individuals) and the activities of approved associations in the field of family education (organization of lectures meetings and discussions). The conditions for the approval of such bodies are specified and the range of subsidies widened. In 1974, the number of approved guidance centres was 76 and they received subsidies amounting to more than Bfrs 6 million. By a Royal Decree of 11 January 1974, the terms were laid down for the granting of subsidies towards a publicity campaign on contraception. Moreover, a brochure entitled 'Contraception and responsible parenthood' was published by the Ministry for Public Health and Family Affairs and was widely distributed.

Under the Law of 1 July 1974, separation for 10 years became a valid reason for divorce provided that the breakdown of the marriage was considered final and that the divorce did not significantly affect the material position of the children. A further law gives the father and the mother equal rights in respect of parental authority, while providing that, in the event of a *de facto* separation of the parents, the parental authority should be exercised by the partner responsible for the care of the children.

### Denmark

250. With the measures taken by Parliament to reduce taxes generally in 1975, it has been necessary to consider making economies in the social sector. During the autumn of 1974 several proposals for savings on family allowances were discussed by the political parties but none were adopted and at the present time it is impossible to foresee the form such economies will take.

On the other hand, the report of the Committee studying the coordination of taxes and social benefits (family allowances, school allowances, subsidized housing, kindergarten allowances) called attention to the non-desired effects of current legislation and to the anomalies sometimes resulting from the conditions for the granting of certain income-linked benefits.

Recent years have seen a constant rise in the number of married women going out to work. The most recent employment survey, carried out in November 1973, showed

that 59% of married women between the ages of twenty and sixty-four go out to work, slightly more than half of them having part-time jobs. Future trends will depend on the economic situation and on the policy adopted towards public expenditure on day care centres for children. The development of such establishments is planned and according to the higher (and more probable) of the two forecasts made by the welfare authorities it should be possible to provide accommodation by 1987/88 for 30% of children under the age of two and 60% of children aged from three to six years. Another possibility under study is that of improving the use of such establishments (day nurseries and nursery schools) by introducing a system of timetable 'modules', whereby the day would be divided into three-hour modules; each child would be allocated one, two or three modules, depending on the needs of the family and the child. It is interesting to note that in Denmark integrated establishments exist which combine day nursery and nursery school with a leisure centre; in 1974 thirty-six such establishments were set up, providing 2 602 places. Furthermore, 9 integrated establishments have been set up combining day nurseries with nursery schools, totaling 489 places, as well as 28 day nurseries with 784 places.

The recently founded national association 'Child and Society', which consists of parents whose children have been removed from the family home and placed in a public institution or another family, demands the setting up of a family court to which appeals could be made against such decisions, which are taken by municipal committees.

The Committee on marriage questions, set up under the Ministry of Justice in 1969, reached several partial conclusions favouring the introduction of divorce by mutual consent. A survey having revealed a sharp increase in the number of unmarried couples living together, the Committee is studying legal measures to deal with the problems arising when such couples separate, particularly the question of parental authority. In 1974 the Governmental Commission on the position of women in society submitted its final report, in which it calls for the setting up of an advisory and coordinating council to promote the equality of the sexes in family life, education, vocational training, employment and social life.

During the three months following the liberalization of abortion in October 1973, 5 800 legal abortions were carried out, representing an increase of one quarter over the three months preceding the introduction of the law.

### *Germany*

251. The Federal Government's family policy is particularly concerned with giving support to the family in its task of social education. The aim is to give all children the maximum opportunity to develop their potential, whatever the social situation of the parents. To this end the Government has endeavoured to supply a comprehensive



range of assistance both to ease the family's economic, social and cultural situation, and to complete the education given in the family by educational institutions.

The reform of the system of compensation for family commitments, already in hand for some years, was finalized by the law of 5 August 1974; starting from 1 January 1975, tax concessions for dependent children are replaced by a new system of family allowances granted in respect of the first child onwards and irrespective of parental income. This reform, which will entail an increase of annual State expenditure of DM 4 million, brings an end to a situation where tax concessions in respect of dependent children were less advantageous for low-income families than for those with a high income.

The Federal Ministry for Youth, Family Affairs and Health is drawing up plans for the reform of the Law on Youth Work, the main aims being increased participation by young people in such work, the introduction of new and more varied educational techniques and improved methods of providing information and advice for families, including guidance on marital, family and educational questions, family planning and social education.

The fifth law of 18 June 1974 on the reform of criminal law, obliges the expectant mother, who anticipates an interruption of pregnancy during the first twelve weeks, to enquire about private and public assistance available to mothers and children. The Federal Ministry for Youth, Family Affairs and Health has launched, by virtue of complementary measures to the criminal law reform, a pilot scheme of a scientific nature involving the setting-up of 53 advisory centres to help achieve a quantitative and qualitative improvement in this field. Particular attention has also been given to the development of parental and family education. It is for this reason that the Government has encouraged the extension of the 'letters to parents' sent by the Ministry whenever a child is born, and subsequently at regular intervals, until the child reaches school age.

From 1 January 1975, the age of majority under civil law will be lowered from 21 to 18 years. A scheme for the partial reform of the law relating to marriage and the family, with special reference to divorce and its consequences, is under discussion; this reform would introduce the principle of the 'failure of the marriage' by which the marriage can be dissolved when it has failed, or considered as such when the couple has been living apart for 3 years. Other proposed legislation includes a bill to replace the notion of parental authority with that of parental care and a scheme for a general reform of the law on adoption.

As regards the pilot scheme whereby 'day mothers' are entrusted with the care and education of children under the age of 3 whose mothers are working, it is well under way,<sup>1</sup> receiving DM 1.5 million from the Federal budget and support from the

<sup>1</sup> Report on the Development of the Social Situation in the Community in 1973, point 236.

Länder. Provision has been made for the training of these 'day mothers' and for the scientific supervision and evaluation of the experiment.

### *France*

252. During the Presidential Election campaign, as at the time of the General Elections in 1973, considerable attention was paid to the families and their problems, such as family incomes, living conditions, the collective facilities at their disposal, etc. More than ever such problems are considered an essential part of any social development policy and, more generally, of the new models of society outlined in political programmes. This same concern has inspired the setting up of a Working Party on 'the Future of the Family' as part of the preparatory studies for the Seventh Plan.

Family allowances were increased by 12.2% following the rise in the consumer price index and a further increase of 0.7% was granted by way of 'participation in economic growth'. The family organizations have pointed out that these measures do not guarantee maintenance of the purchasing power of family allowances and demand that such allowances should be tied to the wage and salary index. These organizations also demand a reduction of VAT on essential products. Apart from the introduction of an allowance paid out at the beginning of the school year for approximately 2 500 000 children, it should also be mentioned that the income ceiling for the granting of the child-minding costs allowance has been raised. Measures on behalf of widows and divorced women are being prepared; it is envisaged to set up a guarantee fund which will make maintenance payments to divorced women and will then collect the amount due from the ex-husband.

Parliament has adopted a bill allowing the issue of contraceptives to minors and the reimbursement of their cost by the social security. In 1974 subsidies were paid for the first time to the 212 approved marriage and family guidance establishments; the sum of FF 3 730 000 had been made available for this purpose in the State budget.

Parliament has passed a law (on 17 January 1975) to authorize the interruption of pregnancy up to the tenth week following conception, provided that the operation takes place in a hospital. A reform of the divorce law is being prepared, introducing the notion of the 'failure' of the marriage. It should also be mentioned that under the Law of 5 July 1974 the age of majority in civil law has been reduced from 21 to 18 years.

Lastly, two innovations have resulted from the creation of the new Government: the appointments of a Secretary of State for Pre-School Education, who has declared his intention to develop nursery schools in rural areas, and a Secretary of State for the Status of Women, which has led to the appointment, under the Regional Prefects,

of women whose special mission will be to ascertain and try to solve the occupational and family problems met with by women.

### *Ireland*

253. The rates of allowances for all children were increased from 1 July 1974 when general increases in social insurance and assistance payments came into effect. In addition, a new provision was introduced vesting the title to family allowances in the mother. Previously title had been vested in the father, who could, however, (and, in the vast majority of cases, did) nominate the mother to receive payments. Allowances are paid to 375 000 families with 1 100 000 children.

Parliament approved a bill on adoption, whereby the age at which a child can be adopted is lowered from 6 months to 6 weeks. A Governmental Committee for the examination of court procedures and practices recommended far-reaching reforms in the legislation relating to desertion of the family and maintenance payments. It was also decided that deserted wives could claim the special allowance provided for in this eventuality after a waiting period of 3 months instead of 6 months as before.

Following talks between Ireland and the United Kingdom on reciprocal enforcement of maintenance orders, an agreement was signed on 9 December 1974. It will operate pending the signature of the three new Member States to the EEC Convention of 27 September 1968 on Jurisdiction and the Enforcement of Judgments in Civil and Commercial Matters, which applies, among other things, to maintenance orders. The negotiations preparatory to the signing of this Convention are now in progress.

A non-governmental body, the Council for Social Welfare, has made important recommendations concerning the reform of the law relating to the family, advocating in particular the abolition of legal discrimination between legitimate and illegitimate children and the setting up of family courts.

A scheme for the provision of crèches and pre-school centres is being developed by health boards in cooperation with voluntary bodies. Lastly, it should be noted that home help services were extended as part of the programme to develop the health services. In 1974 such home help services employed 3 101 persons providing assistance to 222 families, 2 904 old people and 419 other persons, mainly the chronically sick.

### *Italy*

254. Family allowances, which had remained the same for several years, were finally increased. The 'Commission for the study of the problems of workers' families',

which was set up in 1972 under the Ministry of Labour and Social Security, submitted a report analyzing the main problems endangering the family and suggesting possible solutions. In 1974 a National Commission for the problems of female employment was set up under the same Ministry.

The difficulty of obtaining, by means of legislation, the welfare facilities required by the population caused the trade union organizations to adopt new tactics so that the principle of company contributions towards the development of collective facilities should be recognized. Thus, agreements were negotiated with industry whereby the local authorities would be paid a payroll tax varying between 0.7% and 1% of the total wage and salary bill for the purpose of setting up and running transport services, day nurseries, nursery schools, medical services and low-cost housing.

The Decree of 31 May 1974 implemented the Law of 1973 establishing 'school districts' to bring about administrative decentralization in the field of education; the district school boards have an advisory and promotional function and include representatives of the local authorities, the teaching staff, the parents and the trade union and welfare organizations.

Activities at rural level should also be mentioned, particularly the lectures and seminars on family education organized by the Association of Young Agricultural and Rural Families and the campaign by the Women's Section of the CNCN (National Confederation of Farmers) to obtain, through the reform of the law relating to the family now under discussion in Parliament, legal recognition of woman's status as a partner in the family farming enterprise, with all the rights which this status would entail.

Mention should be made of the referendum on divorce, which resulted in a decision in favour of maintaining the law of 1970, which regulates the circumstances in which a divorce may be granted.

### *Luxembourg*

255. Both family allowances, which are linked to the cost-of-living index, and birth allowances were increased. A prenatal allowance was introduced, to be granted on condition that the mother undergoes two medical examinations in the course of her pregnancy.

In its declaration of 4 July 1974, the new Government made clear its intention to set up more day nurseries (money for this purpose has been set aside in the 1975 budget), to make attendance at nursery schools compulsory, to consider replacing the system of tax concessions for dependent children by a substantial increase in family allowances and to examine the possibility of a reduced rate of VAT on certain common consumer goods.

The law of 4 February 1974 reformed the arrangements governing marriage settlements and gave equal rights to husband and wife; the legal matrimonial regime is that of community of acquisitions and the administration of the estate is entrusted to both marriage partners. The law of 22 February 1974 makes it possible for couples to adopt children even if they have children of their own and provides for a welfare service to care for children who have been declared abandoned and have thus become eligible for adoption.

### *Netherlands*

256. Family allowances, which are automatically adjusted to average movement of wages and salaries, were increased, with the exception of the allowance for the first child, which has been 'frozen' since 1973.

For the first time money was set aside in the State budget (Fl 11.2 million in the 1975. budget) for the financing of day nurseries, which until now have only received funds from the local authorities and private organizations. The family help and home help services continued to develop; these services employ about 6 000 family helps (qualified), 8 000 home helps for families and 55 000 part-time home helps for old people, that is, 10 000 more than in 1973. The appropriations for such services in the 1975 budget of the Ministry of Cultural Affairs, Recreation and Social Welfare amount to more than Fl. 578 million, which represents an increase of Fl. 148 million over the preceding budget. There are 75 approved and subsidized advisory bureaux for family problems, 20 of which are combined with mobile multi-purpose psycho-social units. The system of subsidizing these advisory bureaux and the family planning centres has been improved to cover 90 to 95% of costs. Eleven advisory centres deal specially with young people.

The Ministry of Cultural Affairs, Recreation and Social Welfare has set up a 'National Consultative Commission for Emancipation' to advise the Government on the policy to be adopted with regard to the status of women. Lastly, it may be noted that the Dutch Family Council has begun an investigation into the lack of legal protection for 'free unions', 'communes' and other groups not linked by a legal marital relationship, with a view to recommending measures to ensure equality of treatment in legal, economic and social matters.

### *United Kingdom*

257. There were no major changes in the existing provisions for family support during 1974; however, the family income supplement, which provides extra help

for low-wage earners with children has been increased. The Government intends to introduce legislation to replace family allowances and child tax allowances by child allowances payable in respect of all children, including the first in a family.

In July the Government published the report of the Committee which had been set up to study the problems of one-parent families. The various government departments concerned are now examining the recommendations contained in the report, which, in particular, propose to introduce a guaranteed maintenance allowance and to set up family courts.

Growing attention is being paid to the difficulties of breaking the cycle of deprivation, that is, the transmission of material, social and cultural poverty from parents to their children. The Department of Health and Social Security is financing research into this problem, which may cost about £500 000 and last seven years, and will also include action research to test specific ways of preventing the transmitted deprivation.

Parent education is one of the methods which has attracted attention. Three reports have just been published on preparation for parenthood and the needs of children. Several voluntary organizations operating in this field have joined together to form the British Association for Parent Education, to promote interest in such education at national, local and individual levels.

As regards day care facilities for young children, the authorities concentrated their efforts on assistance for child minders in order to improve standards in this field and to reduce the disturbing scale of unregistered child minders. Local authorities were urged to provide training for child minders and assistance, including loans of equipment and toys. Certain projects link the child minders to a particular day nursery or playgroup in order to give both the child minders and the children a 'social focus'.

Following the White Paper entitled 'Equality for Women', the Government intends to introduce a Sex Discrimination Bill which would set up, in particular, a commission responsible for identifying and dealing with discriminating practices. Since April 1974 family planning services are provided within the National Health Service; such services are free of charge. The Family Planning Association is directing its attention increasingly towards training, research and advisory functions. The Committee set up to review the working of the Abortion Act 1967 has submitted a report in which they were of the opinion that the advantages of the Act far outweigh the disadvantages for which it has been criticised. The Committee did however make certain recommendations one of which was that there should be an upper time limit for abortions of 24 weeks gestation, and thereafter every effort should be made to preserve the life of the child. The Committee also recommended that so far as possible, abortions should be performed before the 12th week of pregnancy and that delay should be avoided.

Lastly, an administrative decision has been taken to amend the immigration rules in order to allow the foreign husbands of United Kingdom women to reside in the United Kingdom and to obtain a work permit, thus doing away with a serious example of discrimination, since this ban did not apply to the foreign wives of United Kingdom citizens.

## Social services

### Trends within the Community

258. The economic situation in general, and the rate of inflation in particular, especially highlight disparities in income and wealth and reveal the need for suitable policies in order to prevent the least privileged categories, who, in addition, have no means of bringing pressure to bear, from suffering seriously from the effects of this situation. The measures taken in some countries to guarantee a minimum standard of living are, undoubtedly, one element of such policies. There has been an increase in social assistance benefits everywhere, and in the Netherlands they have reached the level of the minimum wage, but these benefits are rarely adjusted automatically to the rise in the cost of living. The aggravation of social disparities would seem to demand a rethinking of the incomes redistribution policy and greater solidarity.

In all the Member States, more and more is being done to analyse the shortcomings in the existing social systems which, in societies with a high standard of living, give rise to marginal groups who continue to grow. An increasing number of research projects, published works and meetings are devoted to the problem of poverty and in some countries, such as the United Kingdom and Ireland, specific aid programmes are conducted, under the auspices of the Government, for deprived areas and groups. These programmes, together with the pilot schemes carried out in other countries, are not, of course, limited to providing the persons concerned with material aid but, by means of 'community development' methods, try to bring about the individual and collective advancement of these sections of the population.

The role of social workers in such operations is vital. In the aid measures which concentrate on the most underprivileged groups, as well as in those addressed to the population as a whole, the interdependence of social work and other elements of social policy, such as employment, education and accommodation, becomes increasingly apparent. In this context, the development of integrated operations such as those carried out in the Netherlands, by close cooperation between the various authorities responsible, is worth noting. Following along the same lines, social welfare action demands, to an ever-increasing extent, the assistance of multi-disciplinary



teams where administrators, social workers, teachers, medical staff and educational psychologists, social and cultural organizers, etc., work together. Social centres, called 'multifunctional' centres in some countries, are, of course, a standard example of this type of initiative and it is particularly necessary to develop them in rural areas since there they constitute ideal places for bringing together public health, social and cultural activities, thereby aiding participation by the population in the policy implemented in these spheres.

259. Special progress is observed in all the Member States in the implementation of measures affecting physically or mentally handicapped persons, but, although a lot is done for their occupational rehabilitation, it would appear that projects for their reintegration into working and social life should be stepped up. In several countries, notably France, 'follow-up teams' have been formed, consisting, in a specific geographical area, of a permanent nucleus of social workers responsible for helping handicapped persons and their families in the process of rehabilitation and for coordinating the work of services and institutions engaged in this task; although these initiatives are still limited in number, they are increasing. In the United Kingdom it is planned to include special training for operations of this type in the training programme for social workers.

With regard to social welfare action for migrant workers and their families, the Member States who have taken steps to suspend immigration from non-member countries have stated their intention to make substantial improvements in the social infrastructures and services for foreign workers on their territory. It is to be hoped that the action programme for migrant workers and their families submitted by the Commission to the Council at the end of 1974, which contains, in particular, proposals concerning social services and the education of children, will contribute towards the development of measures in these spheres, in view of the needs which still have to be met.

260. One cannot but be struck by the multiplicity of the types of action undertaken by social workers, the diversity of the categories of social workers involved in this work, and the difficulty in listing activities which, in view of their aim, must be flexible and constantly adjusted to the needs of the persons and groups for which they are intended. These are undoubtedly the chief reasons for the failure to appreciate these actions which is often observed in official quarters, and for the lack of interest shown in this sector of the social policy where, alongside the traditional sectors, it sometimes figures as the 'poor relation', though it undoubtedly possesses a real vitality and meets the needs of modern societies to an ever-increasing extent.

<sup>1</sup> Especially the motion of the conference organized in 1974 by the female committee of COPA (Committee of Professional Agricultural Organizations of the European Community) devoted to the social services in rural areas.

## Development of the situation in the member countries

### *Belgium*

261. A Royal Decree of 13 June 1974 laid down the conditions for the approval and subsidizing of social welfare centres. These centres must be set up as non-profit-making associations and employ at least three qualified social workers. State aid includes an annual fixed subsidy and the payment of half the salaries of the personnel employed there. Negotiations are in progress to improve the status of special teachers employed in establishments for maladjusted children.

The importance of the Law of 7 August 1974, which introduced the right to minimum means of subsistence, should be stressed. The idea of right replaces the successive concepts of charity, beneficence and relief. Cases will be examined at local level by public assistance committees, and this will involve a considerable amount of social work.

There are 27 municipal advisory councils of migrant workers. The one for the city of Brussels was set up in 1974; it represents about 35 000 persons from 119 countries. In addition, a coordination committee for education of migrant workers' children was set up by the Ministry of Education and French Culture.

### *Denmark*

262. The major event was the adoption, on 19 July 1974, of the law on social assistance.<sup>1</sup> It will not enter into force until 1 April 1976, since the transfer to the municipalities and districts of tasks previously carried out by the State requires the gradual introduction of the necessary modifications with regard to personnel and structures. This law covers a wide range of activities, including social assistance, protection of children and young people, readaptation and rehabilitation, assistance for elderly and handicapped persons, pre- and post-natal consultation services, home help services, etc. The lynchpin of social action will be a new integrated structure, the 'social centre', set up in large municipalities and in districts. In addition to this decentralization, the law introduces a new approach concerning the appreciation of the type of assistance to be given to the person involved, by putting the emphasis on the nature and form of the help necessary to meet the situation instead of—as at present—on the causes of the need.

<sup>1</sup> Report on the Development of the Social Situation in the Community in 1973, point 247.

This reform measure will have to be accompanied by change and development in the training of social workers. At the present time social workers are mainly local government officials who have followed some courses on social problems and a certain number of 'social advisers' with social science diplomas. A diploma of 'socioconom' has just been created in some universities. Until the necessary number of specialists are available, on-the-spot further training of local government staff is being undertaken by means of an 800-hour training programme of courses given by an advanced college of administration.

In 1974 the second Plan was published, covering the period 1972-1987. This is not only an adaptation of the first Plan (1970 to 1985) but is also an attempt to pinpoint the new economic and social trends. A large section of it deals with ways of helping children and elderly people. The latter have four types of aid available to them: old people's homes; collective accommodation with specialized staff; special accommodation with a minimum of assistance but a 24-hour emergency service; and, lastly, personal accommodation with regular help in the home. These various forms of assistance cover the needs of 17% of the population over 65 years of age; the demand is so great that this percentage will probably reach 40 to 50% in the next few years. There is a trend towards 'light' forms of assistance, i.e., the last two mentioned above.

A working group consisting of representatives of other ministries and both sides of industry was set up at the Ministry of Social Affairs, with a view to improving the integration of foreign workers into Danish society. It is concerned mainly with language and cultural courses for new immigrants (they are obliged to follow 40 hours of courses, given during working hours and with no loss of wages), interpreting services, the dissemination of information by the press and radio in the workers' mother tongue, primary school attendance by the children of migrant workers.

### *Germany*

263. The allowances granted under the Law on social assistance have been adapted, from 1 April 1974, to changes in the economic and social situation. This adaptation of the law, like other social security measures taken in 1974, reflects the special attention which is being given to handicapped persons and their social reintegration; both the people responsible for rehabilitation and the social services are obliged to provide handicapped persons with information and advice regarding the aid available to them. Furthermore, greater emphasis is put on the integration into society of certain marginal social groups which cannot resolve their problems without the help of society itself; a chapter of the law, which originally provided for aid for persons in danger, has been extended to include 'persons whose participation in the life of the community is hindered by particular social problems'. Expenditure on social assistance, which has more than doubled in four years, amounted to DM 5 657 million in 1973.

A Law on old people's homes and adult hostels was promulgated on 7 August 1974. Its aim is to protect the interests and needs of people who reside in these establishments, to control the prices charged there, to provide advice for elderly persons and those in charge of the establishments and to guarantee the necessary medical care. Furthermore, the residents can participate in the management of the establishment through a consultative committee.

There has been an intensification of activities to help the children of migrant workers, as regards their integration and also their possible return to their countries of origin. The Federal Government, in collaboration with private organizations, is endeavouring to provide guidance and training to complete the assistance given in schools; several pilot experiments have been carried out by the Ministry of Education and Science, which, in addition, financed an extensive German language training programme using audiovisual methods, which will be implemented on a large scale at primary school level in 1975. Administrative provisions regarding the granting of aid for the vocational, educational and social integration of young immigrants and refugees (aged under 35) have been improved. Appropriations from the fund designed to facilitate this integration amounted to more than DM 37 million in 1974, as against DM 8 million in 1971.

A national advanced training centre for social teachers was set up in 1974. It will assist establishments which organize advanced training courses by formulating programmes and teaching methods and will itself provide courses at national level for those responsible.

### *France*

264. A certain programming of the organization of social services is being achieved by the gradual establishment of 'social service catchment areas'. Each catchment area corresponds to a district with 50 to 100 000 inhabitants, in which the population is gradually provided with the social services and workers (social welfare workers, special teachers, family helps, community workers and cultural organizers, etc.) which they need; it is planned to create 760 catchment areas, of which 455 were already operational on 1 January 1974.

The 'finalized programme' for enabling elderly people to live in their own homes, included in the Sixth Plan, is being implemented according to plan. In 1974 budget appropriations from the State made it possible to set up 86 'geriatric action centres' combining a home-help and home-care service, a restaurant, a club and, in certain cases, a day centre. For 1975, 100 new centres are planned, which will bring the total number up to 332. An ALFA survey (Association for family-housing and social action in large population centres) showed that the number of 'senior citizens' clubs' organized and run by the interested parties themselves, is multiplying, and that more

and more senior citizens are to be found among the members and organizers of the social and cultural centres open to the population as a whole. More than 500 clubs or centres for senior citizens operate in rural areas under the auspices of the social workers of the 'Mutualité agricole' (Farmers' Mutual Insurance).

There seems to be a trend towards a modern form of social work amongst young people, that of 'clubs and preventions teams', organized by social workers who come into contact, at these clubs or in daily life (in streets, cafés, etc.), with young people who have problems of social adaptation. These ventures, which are run by private organizations, are financed by the Ministry of Health. In 1974 they numbered 263 and were situated in 110 towns.

Foreign workers and their families have access to the same social services as French nationals. In addition, specific measures are organized and financed by the budget of the Ministry of Labour; the Welfare Fund for migrant workers had a budget of FF 207 million in 1974. The 'Departmental advisory committees on social work for the benefit of foreign workers' which were decided upon in 1973, were set up in 68 départements. Furthermore, the creation of a national network for the reception, information and guidance of foreigners, also decided upon last year, has led to the setting up of 40 departmental offices; the achievement of this network, which should cover the whole territory, is foreseen for the end of 1975. The Ministry of Labour organizes training courses for these reception workers. Moreover, the Ministry of Education recommended that educational establishments with a certain number of foreign children should set up classes of initiation to the French language (495 classes operated in 1973-74). It is also proposed to encourage families to send their children to school from the nursery school stage onwards. Following the Decree of 21 November 1973 which authorizes the granting of scholarships to young foreigners' secondary education, 54 000 of them received these scholarships during the last school year. Finally, it is important to state that the year 1974 saw the nomination of a Secretary of State responsible for immigrants within the Ministry of Labour.

### *Ireland*

265. Increases averaging 18% in all social assistance payments, such as non-contributory old age and blind pensions, widow' and orphans' pensions and unemployment assistance, were granted. Furthermore, two new allowances were introduced, one for single women in need, aged between 58 and pension age (68), the other for the wives of prisoners who are serving sentences of more than six months.

The Government decided to support the establishment of 'community information centres' throughout the country, for advising and defending citizens. The National Social Service Council was designated as the central body responsible for registering

and aiding these centres, which will be financed by the Department of Health. Moreover, the Ministry of Social Welfare has set up an Advisory Committee to promote pilot schemes to combat poverty. The membership of the committee includes persons with broad practical experience of social work or specialized in social research, together with representatives of the Government departments. These pilot schemes will be implemented as part of a national programme of social action in areas of deprivation and among groups in need, and there will be a close liaison with the European activities in this sphere in the context of the Community Social Action Programme.

At the beginning of 1974, the regional Health Boards employed 40 qualified social workers and had 45 additional posts available. In addition, 61 qualified social workers were employed by voluntary organizations which work in close cooperation with the Health Boards and are subsidized by them in respect of services rendered.

### *Italy*

266. The transfer of responsibility for social affairs from the State to the Regions and from the Regions to the communes continues, and should give rise to increased participation by citizens in local administration. In this context, the Regions are providing a considerable amount of information, a factor that led to such measures as the Veneto Region's law on 'Standards for participation in the process of forming a regional attitude' which lays down methods of participation in legislative action and in programming. The operation carried out in Tuscany, and planned in two other Regions, is also indicative of the new climate. It sets up a 'citizens defence bureau' to give help to persons who request it in their dealings with the authorities, firms, etc.

The old-age pension paid to the needy over 65 years of age increased, as did the minimum pension for wage and salary earners. Several regional laws introduced in 1974 relate to the creation of multi-faceted home-help services for old people. A 'national committee for the problems of minors' was set up by the Ministry of Justice to prepare a reform of the law on the prevention of juvenile delinquency. It consists of representatives of the authorities and of representatives of associations of persons concerned with social matters (juvenile court judges, social workers, teachers...).

A national conference on emigration is being organized by the Ministry for Foreign Affairs and the National Council for the economy and labour; this conference will deal with all the current problems in this sphere. Several Regions have adopted laws providing for certain aid measures for emigrant workers and their families, particularly when they return to Italy. Some people regret that these laws are limited to aid measures and do not lay down a regional plan in respect of the problem of emigration.

Lastly, it should be pointed out that the National union of social workers' schools organized in Milan, together with the Confederation of industries, an advanced training course for welfare workers in industry, lasting four months, in order to link their work with the new plans for organizing local and area social services and the setting up of local social welfare units.

### *Luxembourg*

267. The Law of 17 April 1974 increased by more than 10% welfare benefits granted by the National Solidarity Fund, in particular to elderly people or those unable to work from birth whose incomes are inadequate. For a couple, the guaranteed income on 1 January 1975, is Lfrs 9 800 per month, i.e., nearly 80% of the statutory minimum wage, and for a single person Lfrs 7 221.

The policy of decentralizing large children's homes (for orphans, abandoned children, etc.) continued, by the setting up of family-type homes to cater for 10 to 15 children of all ages and both sexes. With regard to migrant workers, operations have chiefly involved housing, the recruitment of new specialized social workers, and the development of reception classes to facilitate integration of the children of migrant workers into the normal educational system.

### *Netherlands*

268. Halfway through 1974 the Government put before Parliament a report on 'bottlenecks', drawn up by a working party instructed to make proposals for improvement in the harmonization of policy and legislation on social welfare. This report advocates large decentralization by developing regional and local structures in order that the population can participate to the maximum in the working out of this policy. Budget appropriations for 1974 of the Ministry of Cultural Affairs, Recreation and Social Welfare amounted to Fl. 693 million for social development and, to more than Fl. 2 000 million for social assistance. In 1974 social assistance allowances were brought up to the level of the statutory minimum net wage. Some advisers on social assistance, attached to the Ministry of Cultural Affairs, Recreation and Social Welfare, are assisting local authorities with their policy in this field.

Community social work has developed a great deal during the last few years; it answers the growing need of the population to take a hand in organizing its environment. This activity has been especially obvious with regard to urban renovation operations. At the present time, fifty community workers, paid by the Ministry, are responsible for the social aspects of these operations. Pilot schemes have been drawn

up in cooperation with the Ministry of Housing and Regional Development. In addition, 'social education action' which, thanks to the intervention of community workers, establishes a link between teaching and the social environment, plays an important role by enabling children from underprivileged areas and regions to make better use of the opportunities which teaching offers to improve their chances in society.

There was better coordination between regional social welfare policy and employment policy. In 1974, appropriations of Fl. 66 000 000 were granted as part of the programme to fight unemployment, for the purpose of socio-cultural activities, in particular in areas where new jobs are created.

The influx into the Netherlands of nationals of former Dutch colonies increased in 1974 and confronted the government, local authorities and private organizations with serious problems. There were 87 500 of these immigrants in December, of whom 75 000 came from Surinam. The Foundations dealing with them received a 95% subsidy in 1974 which goes up to 100% in 1975. These people are concentrated almost exclusively in the four largest cities in the country; for the benefit of these people a central office was set up in 1974 with the responsibility for welcoming and settling new arrivals, as well as helping those who live in large cities and wish to move to another part of the country.

Government proposals concerning foreign workers was the object of a Parliamentary report on which the Government took a definite position at the end of 1974. The proposal to impose a tax on undertakings for financing expenditure on social welfare for migrant workers was abandoned in the interest of efficiency; it will continue to be financed by the State budget.

### *United Kingdom*

269. Social assistance levels, in the form of supplementary benefits, have been substantially increased.

The reorganization of local government on 1 April 1974 meant that personal social services' functions in England and Wales became the responsibility of metropolitan district councils within the larger conurbations, and of county councils elsewhere. It is thought that the new local authorities responsible for the social services, which have been reduced from 175 to 116, will provide a more efficient and comprehensive range of services. On the same date, most of the tasks of local authorities in the public health sphere were transferred to Area Health Authorities. In order to provide comprehensive services for the health and welfare of the community the administrative areas of both the local social services authorities and the Area Health Authorities are



generally co-terminous and there is a statutory requirement placed on the two sets of constituent authorities to establish Joint Consultative Committees to advise those authorities on the planning and operation of services of common concern.

The reorganization of local government into larger units gives rise to fears of remoteness of elected representatives from the electors, with a consequent lack of participation by individuals and families in decisions affecting them. Concern about this problem has led the Government to put forward a consultative document proposing the establishment in England, in areas where the people themselves wish it, of 'neighbourhood councils' similar to those already incorporated into the new administrative structures in Scotland and Wales. These councils would be set up on a statutory basis, elected by all residents in the area, and would have certain limited resources in terms of finance and professional assistance and the right to be consulted on certain issues.

Special aid programmes in respect of deprived areas and sections of the population continued. The Urban Aid Programme continued in 1974 to grant-aid local authorities with areas of special social need characterized by overcrowding, high levels of unemployment, delinquency, inadequate services and poor environment. The ninth phase of the programme distributed £4 million to 385 projects. A wide range of educational schemes was approved, including those forging links between home and school, and youth and the community. The tenth phase was concerned with play projects, language schemes for immigrants and help for special groups including gypsies and the disabled. 217 projects received £166 000. In 1975 it is planned to grant-aid advice centres for preventive work with families, projects for the homeless, alcoholics, the mentally and physically handicapped, and to give special attention to areas with a high proportion of immigrants.

The Community Development Project (also administered by the Home Office) employs action-research techniques to analyse social needs, to coordinate official and unofficial services and to stimulate citizen involvement. There are twelve local projects, mainly in older urban areas, each covering about 15-20 000 people. In a report published in 1974 local teams analysed the processes by which small areas became deprived, and described their work on local issues of employment, housing and education. The report called for a better understanding of the problems facing small areas, and for a major response from government to help declining communities.

The Government, together with professional bodies and voluntary organizations, is becoming increasingly aware of the need to set up legal aid services in deprived areas, since many people are unaware of their rights. A number of neighbourhood law centres have opened, funded by grants from charities, local authorities, or the Urban Aid Programme.

Further progress was made in experiments in the treatment of offenders over the age of seventeen, since, under the provisions of a law of 1972, instead of being sent to

prison, they can be ordered by the court—if they consent—to do up to a maximum of 240 unpaid hours of work a year for the community, in their leisure time during evenings and at weekends. Reports published so far on these schemes indicate that they are being successful.

From 1974 the Central Council for Education and Training in Social Work assumed added responsibilities for education and training for day care services (social centres, home help services, etc.), to which it plans to give a multi-disciplinary character. In addition, this Council stressed the need to include, in the training of social workers, specific training for work with handicapped persons, especially for their social reintegration, in view of the vast need here: it is estimated that over one million handicapped people need help from social services. A report from this Council also regarded additional legal training for social workers as essential.

## Social security

### Trends within the Community

270. The measures taken this year in the field of social security could, at first sight, lead one to believe that the broad trends noted last year<sup>1</sup> had merely been continued into 1974. This interpretation can be supported by a few specific examples.

271. Thus, the trend towards *broader social security coverage* continues to stand out. Mention may be made in this connection of the abolition of the remuneration limit for social insurance in Ireland and the decision taken in France to extend social security coverage to the whole population. The rise in the *level of protection* has also manifested itself in some new measures. In Belgium, the principle of tying social benefits to the trend of general prosperity has been more widely accepted. Protection in the case of sickness and, particularly, of hospitalization has been considerably improved in Germany, where a further new development also deserves to be mentioned: entitlement to sickness benefit has now been given to an insured person who, because of the illness of a young child, is forced to stop work temporarily. Similarly, in Luxembourg, much progress has resulted from the reform of sickness insurance, e.g., the raising of sickness benefit to the level of gross salary for a period of 52 weeks. In the Netherlands, the range of benefits in kind has been broadened, both under the sickness insurance scheme for wage and salary earners and under the national insurance scheme. New family benefits have been introduced in France and in Luxembourg. In the field of pensions, new initiatives have been taken in the United Kingdom, so that a more satisfactory system of protection may result from the reform scheduled for 1975 and in future the rates of long term benefits will be related to average wage levels. The purchasing power of short term benefits will also be maintained. Another marked trend has been that towards the achievement of *equivalent protection* for all sections of society, that is, 'social parity', progress having been made, for example, in Italy (same minimum pension under all schemes) and in Luxembourg (harmonization of the various pension schemes). Finally, while the need to *make social security*

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<sup>1</sup> Report on the Development of the Social Situation in the Community in 1973, points 255-261.

*systems more coherent* has been recognized everywhere, certain specific measures deserve a mention: in Denmark, several groups of experts have been given the task of making proposals for greater rationalization; in Germany, the system of family allowances and tax concessions for family responsibilities has been completely recast.

272. Such an interpretation is, however, inadequate since it fails to take into account the totally altered historical context. Until now, the development of social security went hand in hand with the prospect of continuing prosperity. This year, however, in the space of a few months, the economic climate has changed. The change of climate has not been without consequences for social security policy, which it has affected in two different ways.

273. In the first place, there has been renewed interest in the 'stabilizing' function of social benefits, which make it possible, to some extent, to alleviate the harmful effects of an economic crisis.

This became particularly clear when unemployment showed a disturbing increase. It proved necessary to make greater use than in the past of the traditional benefit schemes, both for total and for partial unemployment. Where necessary, the amount of benefit was increased and the conditions for granting benefit were relaxed. Some completely new machinery was also introduced. This was the case in Germany, where, if an enterprise went bankrupt, provision was made for workers to receive a guaranteed income equal to the remuneration over the last three months, in the form of a benefit paid by the Federal Institute for Employment. This was also the case in France, where an agreement concluded between the two sides of industry and which will receive financial support from the State provides for the retention of almost all their wages or salary for a period of one year by all wage and salary earners put out of work for economic reasons.

Moreover, in order to prevent the rapid rise in prices from bearing too heavily on certain social categories, the Governments have also taken steps to strengthen their arrangements for social protection. In most of the countries priority has been given to the less favoured categories, which are also those most severely hit by inflation. In Belgium, a guaranteed income has been introduced for all nationals whose means of subsistence, for one reason or another, are insufficient and who cannot obtain supplementary means either by their work or from their personal income or from social security benefits. Special measures have been adopted in Germany to help handicapped persons and in France and Italy to help persons receiving minimum old-age benefits. In Ireland and the United Kingdom all basic benefits have been considerably increased: up to 30% in the United Kingdom in the case of long-term cash benefits (this being the greatest increase ever made). In the Netherlands, budgetary measures have made it possible to reduce the contribution for privately

insured persons with low incomes or to limit the increase in the contribution required of elderly people. Finally, it should be noted that in most countries specific initiatives, while still limited in scope, have been taken as part of the fight against poverty.

Similar preoccupations are causing countries where such measures are unprecedented to adopt the principle of the upgrading of social benefits or, at least, to adopt expedient measures to meet the needs of the moment (particularly in Italy where, in addition to the minimum pensions, the family allowances were increased and the unemployment benefits doubled). In the other countries, progress was also achieved in this field, e.g., in Belgium, as already pointed out, where the principle of tying social benefits to the growth of prosperity has been widely accepted, and also in France and Luxembourg.

274. The present economic circumstances, however, have also affected social security policy—and this is the second point—by aggravating certain of the problems associated with such policy.

Leaving any new measures aside, all forecasts of expenditure have had to be revised upwards, in order to take account of the real rate of increase in wages and salaries and prices. Moreover, in order to alleviate the 'social' consequences of such increases and the effects of unemployment, decisions have been taken, as already pointed out, which have entailed new expenditure. To this must be added the expenditure entailed by the financing of further moves towards the expansion, improvement or equivalence of social protection. Moreover, the increasing cost of medical care in general and the rapid rise in hospital costs in particular constitute a phenomenon common to all countries and one which exerts an ever-greater influence on the trend of social expenditure.

The problem of financing such expenditure has therefore arisen in numerous countries, where it has found various solutions: raising of contributions, higher taxation, clearance arrangements between schemes, rationalization measures, even recourse to borrowing. At the same time, however, the present economic situation has brought to the fore a certain number of more fundamental questions posed by the growth of social expenditure. The possibility of setting 'limits' to this growth has sometimes been, if not discussed openly, at least implicitly accepted when restrictive conditions have been laid down for the granting of certain benefits. The effectiveness of the system within the traditional framework of options is being questioned more and more, as can be seen not only from the many specialist studies but also, in fact principally, from certain recent innovations laying greater emphasis on an active or preventive policy, on specific measures (on behalf of women, handicapped persons, the underprivileged, etc.) or on the development of community services and facilities. Lastly, while the need for a social security policy has never been more apparent, it is also realized that certain conditions must be met if the measures taken under such a policy are not to be accompanied by renewed inflation.

275. In addition to these thoughts on the present situation, the Commission considers that it must also comment on the 'supranational' nature of the phenomena observed this year. This underlines the importance and relevance of certain *Community measures* now being taken as part of the programme adopted by the Council in its Resolution of 21 January 1974: the extension of social protection to categories of persons not covered or inadequately provided for under existing schemes; the introduction of machinery for adapting social security benefits to increased prosperity in the various Member States; the implementation of specific measures to combat poverty by drawing up pilot schemes; the implementation of the European Social Budget. It could well be that the European scale of the present problems militates in favour of the coordination of social protection policies in the Member States and confirms that priority should be given to such measures, as has already been acknowledged by the Council in its Resolution concerning the Social Action Programme.

## Development of the situation in the member countries

### *Belgium*

276. The main lines of social policy, as confirmed by the new Government, are, as before, determined by the pursuit of prosperity and by the desire to give effective help to the less favoured categories of the population.

The first of these aims has found its main expression in general application of the principle of tying social benefits to the general level of prosperity. In Belgium, as is common knowledge, benefits have long been automatically linked to the trend of the consumer price index. Thus, in 1974 the constant rise in prices brought this machinery into operation on seven occasions, the benefits being increased by 2% each time. This guarantee of purchasing power had, moreover, been supplemented in 1973 (Law of 28 March 1973), in respect of pensions for wage and salary earners, by machinery for yearly adaptation to the trend of general prosperity.

By a Law passed on 16 July 1974 a whole series of other benefits have been linked to this trend: as from 1 July 1974, invalidity benefits, allowances for industrial accidents and occupational diseases, and invalidity pensions for mine-workers; as from 1 January 1975, family allowances. The same measures have been taken in respect of unemployment benefits, allowances for handicapped persons, and guaranteed incomes for elderly people.

The second aim found its expression in a Law of 7 August 1974 introducing a guaranteed income for all Belgian nationals. The object is to guarantee a subsistence mini-

num to all nationals, irrespective of social or occupational group, who for one reason or another do not have sufficient means of subsistence and are unable to obtain such means either by their work or from their private incomes or by social security benefits. This income, to be introduced on 1 January 1975 and fixed at Bfrs 64 469 a year per family, will be linked to the movement of the price index and adapted to the trend of general prosperity.

Among the other measures taken in the course of the year, special mention should be made of those relating to the self-employed. A Royal Decree of 16 January 1974 reduced from 6 to 3 months the qualifying period laid down for entitlement to disablement benefits, which were themselves increased by 20%. Furthermore, by a Law of 19 July 1974, the State's financial contribution was increased in order to speed up the process of bringing the family allowance scheme for the self-employed into line with that for wage and salary earners. In material terms, this means that the allowances were raised (parity being achieved from the third child onwards) and that this type of benefit is now annually index-linked to the trend in the level of general prosperity.

As regards protection other than cash benefits, mention may be made of the effort to finance communal facilities and services (particularly family help services). Noteworthy, too, are the measures adopted in order to balance the budget of the health insurance schemes: raising of the ceiling for wages and salaries on which contributions are calculated, increased State subsidies, allocation of part of the road tax, higher financial contributions by insured persons in respect of medical fees, pharmaceutical products and the cost of accommodation in hospitals; and, last but not least, the issue of a ten-year loan. The number of contribution ceilings has been reduced to two and their totals have been increased.

### *Denmark*

277. It will be recalled that the Danish system underwent considerable alteration in 1973.<sup>1</sup> The measures taken this year were more limited in scope, often amounting to no more than readjustments for budgetary reasons, etc.

As regards medical care, entitlement to free transport for patients is now restricted to pensioners and certain persons of limited means. New criteria have been established for the reimbursement by the State of the cost of medical care borne by the local authorities. Treatment by chiropractor has also been recognized.

As regards pensions, the total income of both husband and wife is now taken into account for the granting of certain benefits linked to a means test (supplementary pensions, married persons' allowances, allowances for women aged between 62 and 66 who are married to a pensioner).

<sup>1</sup> Report on the Development of the Social Situation in the Community in 1973, point 263.

It should be pointed out that under the supplementary scheme (for wage and salary earners) widows' pensions will now be paid provided that the widow has reached the age of 62, that the marriage lasted at least 10 years, and that the deceased husband paid contributions for 10 years under the scheme (set up in 1964).

More significant alterations may, however, be made in the near future if, as has been announced by the Government, the proposed cuts in income tax were to be linked with a reduction of social security benefits.

One cannot fail to be impressed by the number of official studies, generally carried out by groups of experts, which deal with social security.

One working party, set up in the spring of 1973, has the task of studying the possibility of a reform of the pension system. A first report has been completed, setting out immediately applicable proposals which would also result in savings on the part of the local authorities. Essentially the suggestions are for the technical simplification of the provisions now in force regarding the means test and the calculation of pensions. The working party is to continue its studies over several years, however, and will cover even wider topics.

In addition, a committee of experts set up last year by parliamentary decision, has submitted a first report on the coordination of taxation arrangements and the provisions relating to social benefits granted on the basis of a means test. This report suggests a certain number of possible solutions.

By a further parliamentary decision of June 1974 a commission was set up with the task of establishing new priorities within the health services. This decision was certainly motivated by the rapid increases in the cost of hospital care. The commission, on which the political parties, doctors' organizations and officials are represented will be particularly concerned with investigating the inter-relationships between general medicine and hospital care.

Yet another commission, set up by the Minister this time, began its work in August 1974 and is to submit proposals for a review of the legislation on industrial accidents and occupational diseases.

### *Germany*

278. Apart from the measures for the upgrading of pensions, considerable alterations have been made to the German system of social protection. By a Law of 19 December 1973, which came into force on 1 January 1974, protection in the event of illness has been greatly improved. Cover now exists for hospital care over an unlimited period of time and a new benefit has been introduced: entitlement to a home help in certain circumstances (presence in the home of a young child or a handicapped person, for



example) when the insured person or spouse is no longer able to run the home as a result of hospitalization, a special course of treatment or a confinement. Another important innovation has been the granting of sickness benefit to an insured person who, because of the illness of a child under the age of 8, is forced to stop work temporarily and is thus deprived of his or her earnings. This measure specifically concerns mothers or fathers who are rearing their children on their own and couples where both husband and wife are working. The benefit is paid for a maximum of 5 days per year.

Other measures relate to the improvement of protection for disabled and handicapped persons. Under a Law of 24 April 1974 the protection hitherto granted to the victims of war or industrial accidents for the purpose of their occupational and social reintegration has been extended to all handicapped persons, whatever the cause of their handicap, provided that their capacity to work has been reduced by at least 50%. A further Law, passed on 7 August, supplements this protection by providing that henceforth the benefits for the purposes of medical and occupational rehabilitation will be the same for all the categories of persons concerned: war victims, the sick, the victims of industrial accidents, congenitally handicapped persons, a total of about 4 million persons in all. Moreover, a new benefit has been introduced to help such people in all branches of social security, taking the form of an adaptation benefit equivalent to 80% of the previous gross salary and to be granted over the period between the time when the person in question is forced to stop work and the time when he resumes work. This benefit is upgraded annually in the same way as pensions.

The system of compensation for family responsibilities was completely reformed by a Law of 5 August 1974, which is to enter into force on 1 January 1975.

The reform envisages the payment of family allowances to all families starting with the first child and disregarding income. The new allowances are fixed at DM 50 for the 1st child, DM 70 for the 2nd and DM 120 for each additional child. The tax allowances for dependant children and increases in unemployment benefit for dependant children have been abolished with the introduction of the new system. The system also applies to public servants who have hitherto been subject to special rules. Only the most favorable rules which benefit old age and industrial injury pensioners have been retained.

Security of income may also be affected by economic factors. Under a Law of 17 July 1974, if a company goes bankrupt, the worker is guaranteed a benefit equal to his net pay for the last 3 months, when the employer is unable to fulfil his obligations. This benefit is paid by the competent local departments for unemployment insurance, and the financial cost, which is shared among all employers, is met by a contribution calculated annually and paid along with the contribution for industrial accident insurance. In many cases, moreover, the Minister of Labour has extended the period of compensation for partial unemployment, taking current difficulties into account.

Measures have been taken so that, at the end of each year, the salary used for the calculation of unemployment benefit will be adjusted according to general wage trends taking into account the adjustment of the legal pension insurance.

Amongst other innovations, mention may be made of a supplementary pension scheme for agricultural wage-earners (collective agreement of 20 November 1973 made binding by the Minister of Employment on 15 January 1974 and supplemented by a Law of 31 July relating to the period prior to the entry into force of the collective agreement, that is, 1 July 1972).

Again, it may be noted that the problem of financing pensioners' sickness insurance should soon be solved. As regards the reformed pension scheme, some interesting results have emerged after the first year: 1.2 million 'small pensions', of which 80% are paid to women, have been increased; now that the retirement age is 'flexible', 240 000 insured persons requested retirement before the age of 65; about 24 000 self-employed persons opted for the compulsory insurance scheme.

Finally under a Law of 19 December 1974 company pension schemes, which provide an appreciable addition to the legal pension, have been given legal status for the first time. In principle employees benefiting from such schemes retain their pension rights even if they leave the company before retirement. In addition the company pension is protected from the employer's insolvency by the intervention of a 'Pension Guarantee Association' which meets the obligations of a defaulting employer. In future it is illegal for company pensions to be reduced, if the benefits foreseen particularly by statutory pension insurance are increased because of adjustments. Another provision covers the harmonization of age limits both in company schemes and in the legal scheme; this measure has become necessary since the introduction into legislation of a flexible retirement age. Finally, employers must have a 3-yearly review to examine the possibility of adjusting current pensions to economic trends; how to act is left to their fair appreciation of the situation.

### *France*

279. At present, efforts are concentrated on helping the less favoured categories of the population: elderly people, families, handicapped persons, the unemployed.

Old age pensions are now reviewed twice yearly, on 1 January and 1 July. Thus pensions and annuities have been improved by 15.4%, particular attention having been paid to the needs of those receiving minimum benefits (increases of more than 21%). Similar measures were taken in respect of pensions for the self-employed.<sup>1</sup>

<sup>1</sup> The measures taken to harmonize the agricultural scheme with the general scheme should also be noted.

It will be noted that these measures have entailed an increase in the old-age insurance contribution, offset by a reduction in the family allowance contribution.

The increases in family benefits have been higher than usual in order not only to maintain their purchasing power but also to allow families to have some share in the advantages of economic growth. This was accompanied by ancillary measures such as the raising of the monthly basis for calculation of the increase in the single income allowance and the mother-in-the home allowance. It is important, however, to note the creation of a new family benefit; the return-to-school allowance, payable once a year, for children of school age. The terms for granting this allowance were laid down by the Decree of 13 August 1974; it is subject to an income requirement (the same as the requirement for the single salary supplement) and its amount was fixed in 1974 at FF 110.60.

Anxious to improve the position of handicapped persons, the Government decided to simplify the requirements for the granting of their allowances (both for handicapped children and for adults). A Decree of 14 August 1974 increased the amount of the allowance for handicapped adults from FF 120 to FF 150.

During a period of economic difficulties the unemployed, whose numbers are tending to grow, constitute a category of persons particularly hard hit by the rise in the cost of living. For this reason it has been decided to increase by a substantial amount the allowances paid in the form of public assistance and those paid under the supplementary schemes. Moreover, an inter-trade agreement concluded on 14 October 1974 between the two sides of industry gives wage-earners a guarantee that they will continue to receive their net wages or salary for one year if made redundant. It should also be noted that since 1 July 1974 an unemployment insurance scheme for agricultural workers has been in existence.

The longer-term objectives were specified in the Law of 24 December 1974 which provides for the extension of social security to persons still excluded from such cover (about one million) and for financial clearing arrangements between the various social security schemes so that, by 1 January 1978 at the latest, a common basic level of protection may be available for all French nationals, though this will mean that contributions required for the insured persons in the various occupational groups will then be the same.

Lastly, other measures are planned for the protection of women under the social security system (rights of widows and divorcees, social security cover for persons employed part-time, study of maternity benefits for women interrupting their careers to take care of their very young children, etc.).

*Ireland*

280. On 1 July increases were made of the order of 18% to all the rates of the basic social insurance benefits.

In its White Paper entitled 'A National Partnership' published in November 1974, it was stated that the Government considers that those who are dependent on social welfare benefits should be cushioned against price rises and should also be assured of at least an adequate maintenance of their position *vis-à-vis* other sections of the Community. To this end the Government decided that social welfare benefits will be increased in the Budget (announced in January 1975) and revised during the course of the year.

The Pay-Related Benefit Act 1973, establishing a new benefit system in the event of unemployment, incapacity for work and maternity leave, came into force, as planned, in April 1974.<sup>1</sup> Contributions equal to 3% (2% to be paid by the employer and 1% by the worker) of gross earnings up to £2500 per annum are to finance benefits amounting to 40% of the weekly earnings of the insured person between the limits of £14 and £50. These proportional benefits are added to the basic benefit. As of the same date, the ceiling for contributions to the compulsory insurance scheme was abolished.

Other improvements introduced on 1 July were the lowering of the pensionable age to 68 years, and the six-week extension, after the death of the beneficiary, of payments which include an increase for an adult dependant.

Further measures which indicate increased awareness of the need for a real redistribution of income in favour of the less-favoured groups are the reform of the taxation system and the decision to allocate £100 000 from the budget to the financing of pilot schemes for research into poverty.

The desire to deal more adequately with social needs is also seen in a law providing that family allowances must now be paid to the mother and no longer to the father of the child. Should the mother not make proper use of these allowances, they will be paid to the father or any person who seems more likely to use them in the interest of the child. Another aspect of the same policy is the provision of free hospital care for the entire population. At present approximately 90% of the population is entitled to free hospital care and it is Government policy to take steps to extend this to the remaining 10%.

In addition, certain changes affecting the eligibility of insured workers for health services were made from 1 April 1974. The position now is that all insured workers

<sup>1</sup> Report on the Development of the Social Situation in the Community in 1973, point 266.

(who do not otherwise qualify for free drugs and medicines as medical card holders) are entitled to assistance towards the cost of medicine and drugs, with no family having to pay more than £4.00 per month. Moreover all insured manual workers and other insured workers whose income does not exceed £2 250 per year are entitled to the following: free hospital in-patient and out-patient services, and free maternity and infant welfare services.

### *Italy*

281. In addition to the index-linking of pensions to the increases in the cost of living, considerable improvements have been made to a fair number of social benefits in the course of the year.

These improvements were introduced by a Decree-Law of 2 March 1974 (later becoming the Law of 16 April 1974) with retrospective effect from 1 January. Among the most important improvements have been:

- the raising of the minimum pension for wage and salary earners to Lit. 42 950 a month, irrespective of age (formerly the amounts differed depending on whether or not the pensioner had reached the age of 65) to this sum can be added supplements for family responsibilities equal to the amounts of family allowances;
- the raising, at the same time, of the minimum pension for self-employed persons (craftsmen, traders, farmers) to Lit. 34 800 per month, this pension to reach the same level as that for wage and salary earners by 1 July 1975;
- the raising of the old-age pension (Lit. 25 850 per month) and of the special benefits for the civilian disabled (blind, deaf-and-dumb and other handicapped persons);
- the raising of the daily unemployment benefit from Lit. 400 to Lit. 800;
- the raising of family allowances for wage and salary earners to Lit. 8 060 per month covering both the wife and the children, this amount to be increased by a further 10% in the case of those paying tax under the PAYE scheme;
- the increasing of family allowances for the children of farmers to Lit. 79 000 a year (this measure only taking effect, however, from 1 January 1975);
- the extension of sickness insurance to the civilian disabled in receipt of special invalidity benefits.

These measures are being financed not only from State Funds but also by the raising of pension contributions (20.10% of the overall wage or salary, instead of 18.85%). In the case of family allowances, the employer's contribution has been fixed at 7.50%, the ceiling having also been abolished.

The present economic difficulties have also meant an increased burden of expenditure on unemployment benefits, particularly as a result of partial unemployment. To this

must be added the widespread and rapid rise in the cost of hospital care, which led the Government to decide to raise sickness insurance contributions and to take steps towards administrative and financial rationalization (Decree-Law of 8 July, later becoming the Law of 17 August 1974). On 31 July, moreover, the Government approved the draft law on the reform of the health services, which was then put before Parliament.

Finally a Ministerial decree of 15 December fixed the triennial revaluation rates for occupational accident pensions in the industrial and agricultural sectors.

### *Luxembourg*

282. Progress has been achieved in various fields of social security but particularly in the field of sickness insurance for wage and salary earners.

By a Law of 2 May 1974, there has been a complete reform of sickness insurance for all persons in paid employment. A new body, the Union des Caisses de Maladie (Union of Health Insurance Funds) has been set up, which now supervises the funds of the various schemes (including schemes for the self-employed) and, in addition, changes have been made concerning the scope of operations, the benefits, and their financing.

Thus, insurance cover is now extended to the members of religious bodies who, although receiving no remuneration, are engaged in caring for the sick; the opportunity to re-register on a voluntary basis has been made available to persons who have lost their status of insured persons under the compulsory scheme, and the status of 'co-insured' person has been conferred on a further group.

The benefits are now the same for all insured persons. They have been substantially improved: the cash benefit has been raised to the level of the gross salary and may be paid for 52 weeks (instead of 26), the waiting period has been abolished, as has the time-limit for periods of hospitalization, the personal contribution of insured persons towards medical costs is limited to 20%, the development of free preventive medicine is planned, and various subsidiary allowances (hospitalization allowances, funeral benefit) have been increased. Lastly, maternity benefits have been considerably improved. A Law of 22 May 1974 brought to the scheme for the self-employed the same improvements as far as cash benefits, funeral benefits and maternity benefits (medical care) are concerned.

As regards financing, the contributions are now fixed by legislation for the insurance funds; the main innovation has consisted in the establishment of 'parity' between the contribution due from the employer and from the employee, these contributions to be calculated on earnings up to a maximum of four times the minimum wage in the

manual workers' scheme and up to a maximum of 2.75 times the minimum salary in the scheme for public servants and non-manual workers. In the self-employed scheme the system of contributions based on types of revenue has been replaced by a contribution based on a percentage of professional earnings. Apart from the contributions the funds now receive for the first time direct aid from the State in certain cases (e.g. maternity benefit is funded from the budget, as are benefits for hospitalization and the treatment of notifiable diseases for more than six months, the treatment of congenital ailments, etc.). Outside of this aid the National fund for solidarity assumes responsibility for the difference between the benefits paid to pensioners and the contributions paid for this category of insured persons.

In addition to this reform, mention must be made of a whole series of changes in other branches of social security.

A Law of 14 May 1974 was designed to change and harmonize the various rules governing the contributory pension schemes (both for wage and salary earners and for non-agricultural self-employed persons) by reducing to 12 months the qualifying period for an invalidity<sup>1</sup> or survivor's pension, by linking the amount of benefits for premature invalidity to the statutory minimum wage, as adjusted every two years and by introducing a second minimum pension fixed at five-sixths of the minimum wage for people who have completed a 35-year insurance period.

As regards industrial accidents, the Law of 30 January 1974 provides for the possibility of extending insurance to school, extracurricular or university activities (subsequently introduced under the Regulation of 30 May) as well as for self-employed non-manual workers, and greater flexibility in the method of adjusting annuities to wage levels. It has thus been possible to adjust annuities to 1970 wage levels (that is, in the same way as invalidity and old-age pensions).

As for family benefits, the Law of 17 April 1974 considerably increases the amount of the maternity benefit, which will now be granted irrespective of nationality, once the domicile and residence qualifications have been satisfied (at least 5 consecutive years on the part of one parent). This benefit is further supplemented by a prenatal allowance, provided that the mother can prove she received medical examinations in the course of her pregnancy (the first of such examinations must have been made before the end of the third month of pregnancy).

As regards the schemes for the self-employed, apart from the changes already described, mention must be made of the extension, on a voluntary basis, of the old-age pension schemes to wives acting as 'assistants' to husbands insured as craftsmen, traders or industrialists (Law of 20 March) and the extension of the scheme, on a

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<sup>1</sup> Invalidity benefits under the pension schemes for wage and salary earners thus assume the character of long-term sickness benefits, since they are paid immediately after the end of the first period of 52 weeks of cash sickness benefit.

compulsory basis, to the wives of persons insured as farmers (Law of 14 February). This latter law also provides for the possible adjustment of agricultural pensions to wage levels in accordance with the same criteria as those applicable to all other schemes and for the raising of the age limit for orphans' pensions (from 16 to 18 years in normal circumstances or, in the case of students, to 25 years and with no limit in the cases of physical and mental handicaps). With the implementation of this same law, a regulation created, alongside the only class of compulsory contribution, two classes of voluntary contributions which contributors can opt for.

### *Netherlands*

283. Social security legislation in the Netherlands provides for the periodic adjustment of all cash benefits to wage trends. This being the case, such benefits have been upgraded without special measures having to be taken, as happens in some other countries.

It has been in the field of benefits in kind that most of the new measures have been adopted.

It should be remembered that the Dutch system provides for compulsory sickness insurance for wage and salary earners whose earned income does not exceed a certain maximum and also for compulsory insurance for the entire population to cover a limited number of 'special' sickness risks. The remainder of the system consists of private insurance schemes.

Measures taken in the course of the year have widened the range of benefits provided by the two compulsory insurance schemes. Thus, from 1 March 1974, the scheme for wage and salary earners has borne the costs of physiotherapy treatment where this has been prescribed by a doctor. Under the national special sickness insurance scheme, thanks to a Royal Decree of 16 May 1974, cover is now extended to certain forms of preventive medicine: vaccination of children under the age of 13 against diphtheria, whooping cough, tetanus and poliomyelitis; vaccination of girls aged 11 against German measles; examinations for the prevention of metabolic diseases in babies.

Other measures have been adopted in respect of those social categories who are covered by private insurance schemes, in view of the increased cost of medical care, which, in principle, has to be borne entirely by such insured persons.

First of all it was decided that the ceiling for registration with the sickness insurance scheme for wage and salary earners would henceforth be linked to the wage index.

Secondly, the State will subsidize private insurance so that the contributions of insured persons with limited means can be reduced: the minimum contribution was



thus reduced from Fl. 49.50 to Fl. 36.40 a month from 1 July 1974. This measure was mainly adopted on behalf of self-employed people with limited incomes.

Similarly, budgetary subsidies have greatly helped to restrain the increase in the private insurance contributions payable by elderly persons.

Lastly, by a Royal Decree of 4 July 1974, the compulsory insurance scheme for wage and salary earners was extended to retired mineworkers under the age of sixty-five, provided they had been active members of the former General Mineworkers' Fund: in future they will no longer have to pay the higher rate of contribution for private insurance schemes.

### *United Kingdom*

284. The change of government, resulting from the election of February and consolidated by that of October, led to a redefinition of the aims of the social security policy. In the short term, the measures adopted principally affected two fields: the level of basic current protection and the new direction given to pension reform.

From the end of July, there were increases in the retirement pensions and certain other basic long-term benefits, including social assistance benefits. Pensions rose from £7.75 per week to £10 for a single person and from £12.50 to £16 for a married couple, this representing an increase of about 30%, the largest ever awarded. Short-term benefits, on the other hand, were increased by about 17%.

The cost of these measures entailed increased contributions, with the exception of the basic contribution for wage and salary earners, which was slightly reduced.

Moreover, legislation now secures that in future the level of benefits will be reviewed annually in order to adjust long-term benefits to average wage trends and to maintain the purchasing power of short-term benefits.

As regards the reform of the pension system introduced by the previous Government, it was decided that the Act would come into force, as scheduled, in April 1975, operating along the following main lines:

- continuation of a system of basic benefits;
- introduction of financing by contributions wholly calculated as a percentage of earnings;
- preservation of pension rights of wage and salary earners leaving an occupational pension scheme before normal retirement age.

Contribution rates, which are fixed by law, were also altered in order to finance the increase in the abovementioned basic benefits and the future adjustments of pensions to keep pace with wage trends (rather than price trends, as before).

The most important changes are, however, still to come and will be designed to bring about a system whereby reliance on social assistance in old age will be substantially reduced and equality of treatment for womrn will be ensured. These changes particularly concern the provisions for an earnings related pension and the relationship between the State and occupational pension schemes.

The reorganization of the National Health Service took effect from 1 April 1974 and is now in the process of settling down.

Two other measures must still be mentioned. The first is for the prescription of deafness as an occupational disease (with effect from October 1974). Under the other scheme, it is proposed that people of working age, in general, other than married women, who suffer from long-term incapacity for work and who are at present outside the scope of the existing contributory benefit provisions, will qualify for a non-contributory invalidity pension.

# Industrial safety, medicine, and hygiene

## Trends within the Community

285. As in previous years each Member State has taken various forms of action to give better protection to workers against danger from machinery, plant, and materials.

This meant that, during 1974, the Member States dealt with something approaching a hundred different subjects, in a variety of legal forms, these being 'technical' requirements for safety, hygiene or health matters. Although it is possible to find in this impressive total a few common matters, it cannot be said that there has been any common interest, because, when such common matters have been dealt with, the aims have been different. In 1974 these 'technical' protective measures show an almost complete divergence, despite the total, and there is practically no common interest. If the same analysis is made for a period of several years, the same remains basically true, although perhaps less absolutely.

Taking into account this and the fact that, for several years, the overall level of accidents has scarcely varied, one may well be led to the hypothesis that, although 'technical' preventive or protective measures are necessary to keep pace with the rapid development of production techniques, they do no more than prevent the situation from deteriorating. Thus, in such a hypothesis, the question should be asked whether other types of action could not also be taken into consideration.

286. While there is no question of a general trend, it is possible to discern in this field a continuing development of the role of the Social Partners, whether at national level, in branches of industry, or at the level of the enterprise. It can also be said that general industrial safety and medical services at the place of work are evolving and developing.

287. There are definite trends towards expansion; for example, new groups of people are being brought into the present system of protection, while, at the same time,

protection is being extended to include areas immediately adjacent to some industrial undertakings or installations. To an increasing extent the controlling, or 'police' role of labour inspectorates is being amplified by the role of promoting improvements and advising, using as far as possible in these latter roles special studies and research. It is clear that there is an expansion from purely technical matters to the wider field of ergonomics, while, in the same context one can see in theoretical concepts at least an expansion from 'machine-safety' alone to 'safety—and the working environment'.

288. At the level, on the one hand, of experts and, on the other, of those responsible at the highest level, some possibilities for 'in depth' preventive and protective action are beginning to be recognized. These include, for example, the improvement of statistics to provide a valid base for a prevention policy, integrating safety and hygiene into education and the use of audio-visual media for reaching sections of the population who might otherwise not be accessible. It must be emphasized, however, that so far there has been no far-reaching action in these respects.

289. Following the launching of 'work humanization' at the Paris Summit meeting, in October 1972, practical effects are becoming apparent in 1974. To some extent it is being acknowledged that the improvement of safety, hygiene and health at work is an important part of this humanization. Here and there, studies and research programmes are beginning to define the content of this 'new' idea, and to discuss current prevention and protection practice in relation to this expanded concept. This 'new concept' gives, or will give, in several countries a new impetus which the Commission has tried to reinforce by the programmes which it proposed to the Council at the end of 1974.

## Development of the situation in the member countries

### *Benelux*

290. During this period the Benelux partners collaborated on safety matters and the President of the Committee signed recommendations on safety regulations for machines used in the leather and hide industry, compressed air caissons, wood-working machines, acetylene generators, stop-valves and pressure-reliefs, grinders, guillotines, supply equipment for electric fences for grazing land, and industrial safety belts.

They are cooperating in examining the human and psychological aspects of safety precautions at work, among other things producing common safety publicity material. Draft rules are being considered on safety standards for cylinders and transportable containers for compressed, liquified and dissolved gas.

## *Belgium*

291. The Royal Decree of 31 January makes a general requirement for the wearing of protective clothing, to take effect from 1 January 1975. Such clothing must conform to standards of quality and safety, and must be suitable for the particular conditions of the place of work. The employer is fully responsible for the provision, maintenance and repair of such clothing.

The Royal Decree of 14 March coordinates the work of the industrial medical service with the duties given to works' doctors in the field of maternity protection.

The Royal Decree of 10 April re-cast the terms for carrying out medical surveillance of workers. This can only be done now if the examining doctor is familiar with the characteristics of the places at which the people to be examined work. The prevention of vocational diseases extends to all the risks given in the European lists. Another matter is that the worker can now consult an industrial doctor of his own accord.

The Royal Decree of 24 April establishes the procedure to be followed in notifying vocational diseases. Two new rules determine the duties of industrial doctors in the field of compensation of costs.

The High Council for safety, hygiene and improvement of places of work has prepared draft regulations on the work environment. The draft is in two parts:

- the first lays down the main requirements for the normal work environment: space, ventilation, temperature, humidity;
- the second part deals with the measures to be taken to reduce the nuisance created by certain climatic or technological factors—excessive heat or cold, solar radiation, humidity or pollution of the work place.

## *Denmark*

292. During 1974 two amendments were made to the Safety, Health and Welfare (General) Act. The first, dated 22 May, enabled Denmark to comply with the European convention (AETR) on working conditions for the crews of long-distance lorries in international road transport. The second amendment, of 19 July, places responsibility for coordination of safety, health and welfare on construction sites, where more than ten people are employed, on the main contractor. To ensure that there is proper safety organization on construction sites, the staff of the Labour Inspectorate has been augmented by thirty specialist advisory inspectors. Simultaneously, in each inspectorate district, a committee has been established with the district inspector acting as chairman and consisting of the specialist advisory inspector for the district and representatives of the social partners.

Advisory regulations on the design of working places for manual electric arc welding have been agreed and issued. They lay down the threshold limit values for dangerous materials in fumes and specify that working places should be so equipped that the use of respirators or breathing apparatus should not be necessary.

An order of 8 February forbids the use of certain adhesives containing poisonous and flammable substances at temporary building sites.

Technical rules were issued this year dealing with high-pressure cleaning apparatus, high-pressure hot-water boilers and hot-water boilers, including all ancillary equipment.

Regulations on precautions for safety and health in work in chambers and duct tunnels for use in centralized district heating schemes have been worked out and should be followed from 1 November.

A draft bill for the consolidation of legislation on the working environment was presented to Parliament by the Minister of Labour in June. It is expected that this advanced legislation will come into force on 1 January 1977.

The working party<sup>1</sup> established in 1972 on the 'Working Environment' presented its second report in May. This report includes the results of a survey involving 10 000 workers, mainly members of trade unions, and 377 work-places. It was done by the Danish Institute for Social Research. In the report also are an evaluation and the proposals made by the working party. Replies were received from 253 undertakings and from about 7 000 employees. 84% of the workers considered themselves to be of reasonably good health and 50% had no stress symptoms. Pains in the back were a predominant feature with 42% complaining of such pains. Other principal complaints were of noise, dust, physical lifting, draughts and big temperature variations. There were further complaints of monotony, machine-paced tasks and the lack of personal expression.

Earlier campaigns are being continued and extended; that on noise in breweries is now a general anti-noise campaign and the one on foundry silicosis now covers all industries in which there is a silicosis risk.

A limit has been imposed on the manual handling of animal carcasses in slaughterhouses and cold-stores; no man may lift more than 65 kilogrammes.

In the Greater Copenhagen area it is now required that refuse containers must not exceed 110 litres in size and 50 kilogrammes when full. Recruits to the refuse service must be trained in methods of lifting and carrying.

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<sup>1</sup> Report on the Development of the Social Situation in the Community in 1973, point 275.

Notice was given on 7 July 1974 of requirements for internal safety organization in the building and construction industry: these took effect on 10 October 1974.

The requirements for internal safety organization at work involving loading and unloading, notice of which was given in November 1973, came into effect on 1 February 1974.

Notice was given on 5 March 1974 concerning requirements for the medical examination of workers in Greenland. These particularly concern persons under 18 years of age, and also deal with the place of work.

Notice was given, for Greenland also, about the organization of work inspection, to come into force in 1975. Inspection will be done by a factory inspector, assisted, in 15 major centres, by local groups.

A project is being considered, in collaboration with the Clinic for Industrial Medicine, for the establishing of an information centre on the properties of dangerous substances and on the adequate treatment of poisoning. Working conditions in fish processing and fish meal industries are being investigated in an attempt to eliminate noise, cold and wet work, and draughts.

Following the new legislation on construction sites, a mobile display unit has been made, and brief training courses are given.

### *Germany*

293. The Act concerning Industrial Doctors, Safety Engineers and Specialized Industrial Safety Staff<sup>1</sup> came into effect on 1 December.

On 2 January 1974 and 15 March 1974 the Federal Minister of Labour and Social Affairs and the Federal Minister for Young People, the Family and Health, published enforcement provisions for the regulations on X-rays which came into force on 1 September 1973.

Regulations on high-pressure gas mains were published on 12 December 1974. These propose standards and tests for public mains working at a pressure above 16 bars, and for non-public mains, situated beneath the site of an enterprise.

Protective measures to prevent injury to health by contact with vinyl chloride are included in the Directive on vinyl chloride. The Labour Inspectorate and the Berufsgenossenschaft organizations advise that a threshold limit value of 50 ppm should not be exceeded. In connection with the problem of the so-called vinyl chloride disease and

<sup>1</sup> Report on the Development of the Social Situation in the Community in 1973, point 276.

the health risk due to this substance an extensive research project was commenced in May. It will be a detailed toxicological examination with research on people in plants in which vinyl chloride is used. The results of this enquiry are expected in two or three years.

Changes in the regulations dealing with the cost of the examination of plant, subject to examination, came into effect on 1 November 1974.

A joint action programme, 'Research into the humanization of working life' has been initiated by the Federal Minister for Labour and Social Affairs and the Federal Minister for Research and Technology. Its aim is the humanization of work, to improve the quality of life at work. The scope of the programme includes:

- Design of equipment, tools and machines, taking worker safety into account;
- The elimination of adverse environmental influences, such as dangerous materials, noise, vibrations, heat and cold;
- Research into work stress and into the effects of work organization on people;
- Questions of work motivation and job satisfaction.

The programme is based on the proposition that in such a highly-developed and production-oriented society, the old-established concept of the basic protection of workers against accidents and vocational diseases is no longer sufficient. Other aspects must be considered such as problems of monotony associated with machine-paced tasks or assembly-line timings, psychological overloading associated with production and supervisory targets in sedentary jobs, the performance of undemanding and monotonous tasks and the organization of workpeople in authoritarian structures, giving little room for personality development.

A first modification to the regulations on dangerous industrial materials submitted to the Federal Minister of Justice for legal verification. The aim of this modification is:

- to embody European Community Directives into State law (the basic Directive of 21 May 1973 and the Directive on solvents of 4 June 1973);
- to embody the ILO Convention on benzene;
- to withdraw obsolete Labour Protection Orders on lead, material containing inorganic fluorides, siliceous dusts, flux and magnesium.

Technical rules dealing with these will be introduced under the legislation on dangerous materials and should come into effect in 1976.

In addition, the following are being examined:

- Legislation on workplaces (before the Bundesrat);
- Decisions on collective accommodation for workers.



## France

294. A new decree (1 April) increased the powers of Safety and Hygiene Committees by bringing them closer to the workplaces at which there is danger, strengthening their powers, their working methods and workers' representation. An enforcement decree was issued on 10 October 1974 specifying the nature of the information to be supplied to the Ministry of Labour by Committees or professional Organs for Hygiene and Safety: this decree will be completed by an enforcement circular.

The decree of 26 April makes carbon monoxide poisoning a compensatable industrial disease and deals with the risk and the action to be taken by employers to eliminate this toxic gas from the workplace.

Several orders have been issued dealing with the following:

- Supervision of workshop hygiene and the protection of workers against harmful materials and accident risks;
- Safety measures for the use of explosives in quarries and building sites;
- The use of cleaning agents in workshops;
- Establishing standards relating to the use of cable cars;
- Safety measures in oil works;
- Precautions against drowning in rock-clearing work or dredging operations in rivers or other waters;
- Accident prevention in electrical work;
- Standards for the construction and use of scaffolds in shipyards.

Several circulars have been issued, dealing *inter alia* with safety measures for lifting machines other than hoists and lifts, electrical true-earth bonding systems, tanning machinery, centrifuges, work with high-frequency electric currents and establishments concerned with explosives for cartridges and pyrotechnics.

An instruction made under the Labour Code now allows for mobile medical centres to be used for the medical surveillance in good conditions of workers in enterprises which are remote from static medical centres or for those employed on building sites. A circular now authorizes industrial doctors, under certain conditions, to give vaccinations connected with a worker's occupation. An instruction has been issued on the role of the industrial doctor in dealing with elderly workers. It draws their attention to such workers and particularly those whose work carries the risk of premature ageing, to give a systematic work reorientation which is well thought out and organized.

A decree (9 July) was issued on sites with compressed air work, dealing with protection and health. It replaces an earlier decree and is based mainly on new decompression tables; it gives the workers involved better security and requires special medical supervision. This text was completed by six decrees dated 6 September to 5 October 1974.

Another decree (11 July) is concerned with sites in which divers work in pressure above atmospheric. It fills a gap in legislation, by defining diving methods and by defining the equipment and methods to be used to safeguard the life and health of this category of worker, establishing conditions of safety and hygiene similar to those for workers in compressed air. This text was completed by two decrees of 27 September and 1 October 1974.

Other matters dealt with have been:

- Conditions for the approval of organizations carrying out examination of workshop hygiene to protect workers against harmful effects and against accident hazards. This will permit an industrial doctor to keep a check on general hygiene in enterprises;
- The labelling and packaging of dangerous substances and of certain dangerous preparations (modification of the decree of 14 September 1974);
- The protection of workers engaged in painting by varnishing or spraying;
- The use of lead compounds in the manufacture and conversion of polyvinyl chloride to reduce the risk of lead poisoning and, if possible, to use less dangerous materials instead of lead stearate.

Two recommendations were adopted by the national technical Committees in 1974; one concerns safety in the maintenance of chemical factories, the other the training and informing of wage earners in undertakings.

The Ministry of Equipment, by agreement with the Ministry of Labour, has established a system of supervision of hygiene and safety on construction sites for new towns and extension zones. It is intended to integrate prevention in the conception of such works, and to allow any necessary steps to be taken. The first such operation started in February 1974, and is still functioning.

A report of a group of experts, produced early in 1974, includes, among its suggestions to improve prevention, the strengthening of means to stimulate action, action on potential risks, the control of powered vehicles and the training of drivers, action on hours of work and systems of payment.

Work is in hand on the following:

- Liaison between Committees of Hygiene and Safety and the Technical Committees for Social Security;
- Protection of workers against the dangers of ionizing radiations in basic nuclear installations;
- Medical protection of domestic workers and caretakers in residential premises;
- Revision of codes or regulations dealing with hygiene at work;
- Modification and extension of the list of vocational diseases;
- Application of the Community directive on the marking and packing of dangerous preparations made up wholly of solvents;

- Definition of a way of measuring noise levels at the place of work to protect workers' hearing;
- Protection of workers against electrical dangers in electrical generating, subject to the technical control of the Minister responsible for electrical energy, and in transformer stations connected to them.

### *Ireland*

295. Work has continued on modernizing and adapting legislation to suit present-day conditions in industry.

Regulations have been made on conditions in quarries; they deal with safety of work places, the control of environmental hazards such as gases or noise, fire precautions, protective clothing, medical supervision and general welfare matters. Other regulations, for both mines and quarries, require the provision of a register called the General Register for the recording of information on women and young persons in the undertakings concerned, accidents and similar matters and also details of employees' safety representatives.

The 1921 Regulations on aerated water bottling, where there is a risk of injury by fragments of glass from bursting bottles, have been replaced. The new Regulations require guards and personal protection.

New regulations are now in force for industries in which grinding of metal is done. These make provision for dust control, ventilation and workroom design.

For factories involved in gut scraping and tripe dressing new regulations require protective clothing for workers, changing and washing facilities as well as other welfare provision.

### *Italy*

296. The Permanent Consultative Commission for the Prevention of Accidents and for Health at Work was reconstituted for a further period of three years, by the Ministerial Decree of 6 August.

A law (No 191 of 26 April) introduced requirements for accident prevention in the undertakings of the State Railway Company, and also for construction work, underground work, work in compressed air caissons, the film and television industry, and in telephone installations.

A Ministerial Decree (1 March) established new requirements for the use of steam boilers, laying down standards for construction, taking technical developments into

account. It also makes new financial provisions for the examination of boilers, and gives standards for the training of boiler operators.

Circular letters have been issued on:

- construction standards for cabs and for other safety requirements on agricultural tractors,
- the possible installation in bakeries of automatic carbon monoxide detectors.

An Italian team is to make a film, for the European Community, on accident prevention at work. This will be the first Community film on this subject.

### *Luxembourg*

297. During 1974 there was no new legislation in this field nor were new regulations brought into effect. Work continued however on legal studies on changes in the law relating to establishments which are dangerous, unhealthy or inadequate and also on the question of the use of benzene.

Early in 1974 the publicity campaign which had dealt with the prevention of accidents in construction work came to an end. This campaign was initiated in 1973 by the Accident Prevention Association<sup>1</sup> in collaboration with the Inspectorate of Mines and Labour.

A modification to the law of 28 March 1972 is being prepared; in practice it chiefly concerns foreign workers of Community origin for whom free medical examination will be allowed as soon as they choose to become resident in the Grand Duchy.

A draft regulation is on the point of being adopted, dealing with adolescents, and medical examinations to assess their suitability for work.

In March 1974 the Social Partners in the Economic and Social Council decided to intensify action in the field of work safety, medicine and hygiene.

A joint committee has been given the task of preparing proposals to be sent to legislators and undertakings. It will also be necessary to prepare an effective system for training and information.

### *Netherlands*

298. On 6 February 1974, legislation was announced dealing with dangerous equipment. This, the Netherlands version of the proposed Benelux legislation on this

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<sup>1</sup> Association d'assurance contre les accidents.

subject, has been ratified, and will come into effect when the other two States ratify it.

Legislation on tanker safety was published on 30 July 1974. It deals with the cleaning and repair of tankers, but does not yet come into effect.

Several amendments to existing Dock Labour Law are at present before the Second Chamber of the States-General.

In addition a modification was proposed to the Law on silicosis, to extend its scope, to deal with asbestosis and mesothelioma.

At the beginning of 1974 the number of workers in undertakings covered by an industrial medical service was 525 420, compared with 479 500 at the end of 1972.

### *United Kingdom*

299. The Health and Safety at Work, etc., Act received Royal assent on 31 July. Under this Act a Health and Safety commission was set up on 1 October, which will be responsible for the administration of the Act, and for the Health and Safety Executive, which will have duties of enforcement. The Commission and the Executive will combine the former functions of a number of Ministries on safety and health at work. The Executive, to be established at the beginning of 1975, will include the inspectorates dealing with factories, mines quarries, explosives, nuclear installations, alkali works, and clean air.

The Woodworking Machines Regulations 1974, replacing the 1922 Regulations, came into operation on 24 November. These Regulations raise the standard of guarding of the most dangerous machines.

The Advisory Committee on Falsework published an interim report in April commenting on design problems; the final report will be published soon. The report of a sub-committee of the Joint Advisory Committee on Safety and Health in the Construction Industries on Safety in Scaffolding was also published. This deals with methods of constructing scaffolds, and proposes recommendations for improvements, including certificates of competence for scaffold erectors.

A Committee of experts is being established to advise the Health and Safety Commission on the hazards presented by large-scale chemical plants, on ways of safeguarding workers in them, and people living nearby. This follows an explosion at such a plant in 1974, causing many deaths and widespread damage. A Court of Inquiry is investigating this explosion.

A code of practice on the control of dust from portable power-operated grinding machines was published in 1974. This code was prepared by a working party including both sides of industry, interested organizations and HM Factory Inspectorate.

A sub-committee of the Joint Advisory Committee on Safety and Health in the Construction Industries published a report recommending the precautions to be observed in the use of asbestos in construction industries.

Preliminary proposals have been made for a code of practice on the reduction of noise from machinery to try to reduce at source occupational noise exposure. The proposals were circulated to industry and a draft code is now being prepared.

The Inspectorate together with interested parties is preparing a code of practice on health precautions in the manufacture and polymerization of vinyl chloride.

A comprehensive system is being established for the examination of all new substances which are potentially toxic and likely to be used at work.

# Protection of health and of the environment

## **Radiation protection**

### **Regulations and studies**

300. In the field of radiation protection, the Euratom basic standards, issued in the form of directives in 1959 and partially revised in 1962, laid down the basic principles for the protection of workers in nuclear installations and the population at large.<sup>1</sup>

All nine Member States are working to bring their legislative provisions into line with these directives. In this context, the Commission has examined a draft law relating to safety measures at nuclear installations forwarded to the Commission by Denmark in accordance with Article 33 of the Euratom Treaty.

In the light of the experience acquired in the application of the basic standards by the Member States and the advances in scientific knowledge of radiation protection and radiation biology, the Commission undertook a general review of the basic standards. The standards were supplemented by a certain number of concepts which, while in no way departing from the basic principles laid down in 1959, improved the practical organization of protection against radiation. Now in the final stage of the procedure, the draft directive is being studied by the Council with a view to a decision and publication.

301. The Commission organized for 28 and 29 November 1974, in Brussels, a scientific seminar on the medical supervision of workers in nuclear installations. This seminar was one of the meetings organized by the Commission at regular intervals on topics related to medical supervision and satisfied a real need for exchange of information, a need felt by the interested parties both in the Member States and in the specialist departments of the Commission.

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<sup>1</sup> Report on the Development of the Social Situation in the Community in 1973, points 284 and 285.

This Conference made it possible to carry out a joint examination of the new guidelines for the practical organization of radiation protection, in the light of new scientific knowledge in the fields of radiation protection and radiation biology. The specific problems of medical supervision of workers exposed to certain non-ionizing radiations were also studied at this seminar.

The main aims of the seminar organized by the Commission for 12 and 13 November, in conjunction with the Ente Nazionale per la Prevenzione degli Infortuni, on the subject of chromosome aberrations as indicators of irradiation were the study of present scientific knowledge in this field and the drawing of conclusions for the purposes of practical radiation protection. This meeting took place in close conjunction with the studies carried out by the Ente Nazionale Prevenzione Infortuni (ENPI) under a research contract concluded with the Commission for research and survey work with a homogeneous and numerically representative group of workers at the Garigliano Nuclear Power Station, whose cytogenetic record since the beginning of their work in the nuclear sector is available and whose level of occupational exposure has been precisely determined.

302. As a result of the work on the application of the guiding principles underlying the basic standards to other risks similar to ionizing radiation, such as laser, maser and microwave radiations, two draft recommendations have been prepared which lay down the basic principles for the protection of persons exposed to the dangers of such non-ionizing electro-magnetic radiations. These drafts are of great practical importance, for they cover an expanding field affecting not only workers but also the general public; they should help to solve this problem, the legislation of the Member States being inadequate at the moment.

303. As part of the study programme on problems relating to the application of the directives laying down the basic standards, studies were begun in 1973 on the problems posed by the availability to the general public of common consumer goods containing radioactive substances;<sup>1</sup> these studies were continued in 1974; the increasing number of articles capable of emitting non-ionizing radiation and of common consumer goods containing radioactive substances is beginning to pose problems from the point of view of public health; the results of this study should be useful in the preparation of a number of health protection measures to ensure that the share in the genetic dose of radiation from consumer goods should be kept at a very low level.

304. In the field of individual dosimetry, the technical harmonization programme begun last year<sup>2</sup> has been completed, two recommendations having been drawn up and approved: one relates to the basic principles for individual monitoring and the

<sup>1</sup> Report on the Development of the Social Situation in the Community in 1973, point 287.

<sup>2</sup> *Idem.*, point 288.



other to individual dosimetry by thermoluminescence; the recommendations are directed at those responsible for radiation protection and the manufacturers of dosimeters.

Furthermore, the inter-comparison programme carried out by the Commission in conjunction with national laboratories made it possible to determine differences between the various methods of calibration. The long-term dosimetry research programme 'Biology/Health Protection' is progressing most satisfactorily with the participation of laboratories in the new Member States.

305. Noting that the problem of workers' protection against certain chemical carcinogens, particularly vinyl chloride monomer, is assuming new dimensions and bearing in mind the anxiety expressed in the European Parliament,<sup>1</sup> the Commission organized in Brussels for 17 and 18 September 1974 a seminar bringing together doctors working in the chemical industry, doctors from the public health services, heads of laboratories and engineers. This seminar made possible a synthesis of available knowledge in this field and the defining of a preventive policy based on continued epidemiological studies and research into experimental pathology and the monitoring of the working environment.

### **Prevention of radioactive contamination of the environment<sup>2</sup>**

306. Under Article 37 of the Euratom Treaty, each Member State must provide the Commission with data relating to their projects for the disposal of radioactive waste. The Commission, before giving its opinion, submits the project to a group of experts with a view to determining how far the proposed method of disposal might contaminate the territory of another Member State.

In 1974 the Commission delivered opinions on five new projects for the disposal of radioactive waste. These projects coincide with the completion of the first stages of the nuclear power-station construction plans drawn up a few years ago: 4 major power stations and one prototype equipped with a high-speed reactor (Tihange-Belgium, Biblis A-Germany, Phenix-France, Caorso-Italy, Borssele-Netherlands).

307. Now that the production of electric energy of nuclear origin is expected to increase spectacularly over the next few years, there is an ever greater need for the responsible bodies in the various countries to have an overall view of the problems caused by the discharge of radioactive waste. With this in mind the Commission has drawn up a second report on the disposal of waste from the major nuclear power

<sup>1</sup> Written Question No 645/73 put to the Commission on 24.1.1974 by Mr. Müller and Mr. Kater, Members of the European Parliament.

<sup>2</sup> Report on the Development of the Social Situation in the Community in 1973, points 289 to 292.

stations in the Community over the past few years.<sup>1</sup> In order to make a more valid comparison of the effects of the waste from each of these power stations, the maximum exposure to such waste which could be experienced by the few people living in the vicinity was assessed on the basis of similar assumptions.

The results, which can be no more than approximate, in view of the safety margins inherent in the method of calculation used, show that such exposure represents only a small fraction of the permissible limits and is practically indistinguishable as a result of the fluctuations in the background radiation to which these groups are exposed. Thus, the level of natural radiation is coming to be used as a reference level for the assessment of possible damage to the environment caused by a nuclear installation.

It was, therefore, important to sum up Community knowledge of such radiation, which accounts for the greater part of human exposure. The group of national experts, meeting at the request of the Commission, expressed the wish of several countries that a chart of human exposure to natural radiation should be prepared and demonstrated how important the way of life and the use of certain construction materials could be in this connection. The national results will be synthesized at Community level.

308. Even if the exposure of the public to radioactive waste from nuclear plants is insignificant, one must not forget the long-term radiological implications of the accumulation in the environment of certain long-lived radionuclides which are present in such waste.<sup>2</sup> The principal radionuclides are tritium, krypton-85 and iodine-129, of which small quantities are released by nuclear power stations and reprocessing plants. A study contract has been concluded for research into the effects on man, in view of the prospects for energy production up to the year 2000 and the probable occurrence of accidental discharges of waste.

309. The principle of keeping the irradiation of persons and the number of individuals exposed at a minimum underlies the basic standards for health protection. This principle has also been adopted in the national legislation of Member States and has been generally applied to the disposal of waste from existing nuclear power stations. There are, however, differences in practice from one Member State to another; in some cases the competent authorities oblige the operator to do everything possible to reduce the amount of radioactivity released to the absolute minimum, in other cases the authorities lay down for one or more plants quantitative or operational limits, to be observed individually or collectively. In order to elucidate the present position as regards the fixing of discharge limits in the Community, the Commission called a meeting of representatives of the competent authorities in the various countries, of

<sup>1</sup> 'Radioactive waste from nuclear power stations in the Community—report on waste disposal—radiological aspects', April 1974 (Doc. V/1973/74).

<sup>2</sup> Work carried out as part of the nuclear research programme.

the corresponding safety and control bodies and of UNIPEDE (International Union of Producers and Distributors of Electrical Energy). A comprehensive report on current practice is now being prepared by the Commission and should enable a start to be made on the harmonization of ideas in this field.

310. The need to harmonize methods and techniques at European level is becoming more and more pressing. During the seminar on iodine filter tests organized by the Commission it was stressed that the measurement of the efficiency of such filters needed to be standardized.<sup>1</sup> In 1974, therefore, the Commission initiated an inter-comparison programme on the measurement of radioactive iodine trapped by active carbon. Various European institutes are taking part in this programme under the aegis of the Commission. The aim is to bring about wider use of properly calibrated measurements by specifying the conditions and experimental parameters.

### Health protection against pollution and environmental hazards

311. The work of the Commission has followed the lines laid down in the 'programme of action of the European Communities on the environment' and has centred round measures to reduce pollution and hazards (Part II, Title I): *the objective evaluation of the risks to human health and to the environment from pollution* (Chapter 1), *the setting of standards* (Chapter 2) and *the exchange of information between the air surveillance and monitoring networks* (Chapter 3).<sup>2</sup>

312. As regards *the objective evaluation of risks* (Chapter 1), the Commission endeavoured:

- to compile a bibliography relating to the effects on health and ecology of all first-category pollutants and to make a critical analysis of these data;
- to collect data relating to the levels of pollution now present in the environment and in biological tissues and to examine the comparability of these data by means of syndicated analyses. In the case of certain pollutants, this led on to attempts to harmonize measurement methods or to the recommendation of a standardized method;
- to prepare the factual basis required for the establishment of criteria (dose/effects relationships) in the case of certain pollutants.

As a result of this work it was found that gaps existed in our knowledge of pollution levels and the effects of first-category pollutants. Recommendations were made con-

<sup>1</sup> Report on the Development of the Social Situation in the Community in 1973, point 292.

<sup>2</sup> Report on the Development of the Social Situation in the Community in 1972, points 100 to 104; Report on the Development of the Social Situation in the Community in 1973, points 298 to 300.

cerning the rationalization and coordination of surveillance programmes. Guidelines were also laid down for research programmes on long-term toxicological effects, ecotoxicology and epidemiological surveys.

Since 1973, results have been obtained for each of the following pollutants:

### *Lead and its components*

As regards levels of lead present in the environment, studies were made of its levels in biological tissues, air, water and foodstuffs.

An intercomparison programme on the level of lead present in the atmosphere in the form of mineral compounds was carried out and showed that the results of measurements made at a distance from the sources of pollution are generally comparable, whereas difficulties occur when the measurements are carried out near to the sources. A critical study has also been prepared of the analytical techniques used for lead in the form of organic compounds.

Following the first programme in 1972, a second intercomparison programme on the levels of lead in biological tissues (blood and urine) was carried out in 1974 (75 laboratories). It was again demonstrated that, despite the joint efforts made between 1972 and 1974, the analytical methods in current use are not sufficiently precise and correct to detect small differences in levels of lead in the blood which can result from variations in the degree of exposure to lead. The determination of ALAD in urine, an indicator of lead poisoning, was also the subject for an intercomparison programme and development work in the laboratories.

The great sensitivity of the enzymatic activity of ALAD from exposure to lead is a useful parameter for the evaluation of such exposure. A standardized European method for the determination of the activity of ALAD was perfected during a technical seminar.<sup>1</sup>

The problems posed by the effects of lead on health were the subject of numerous discussions between experts from the Member States. A document describing the results of these discussions and recommendations for appropriate measures will shortly be forwarded to the Council.

### *Organo-halogen compounds*

As regards the levels of such pollutants present in the environment and in biological tissues in the nine Member States, studies were made of:

<sup>1</sup> Report on the Development of the Social Situation in the Community in 1973, point 299.

- the levels of organo-halogen compounds in the air, water, soil and foodstuffs;
- the contamination of human tissues; fat, blood, mother's milk.

Moreover, as a result of an intercomparison programme in which 30 laboratories in the Member States took part, it was possible to assess the quality of the analyses' results; these results were presented at a seminar organized by the Commission on the problems posed by the contamination of man and his environment by pesticides and persistent organo-halogen compounds.<sup>1</sup>

Pesticides were considered in relation to both health and ecology:

(i) *Health*

Criteria satisfying the definitions contained in the environment programme cannot be established on the basis of the data available so far. From the analysis of human tissues it may be concluded that there is no significant threat to health in the Member States for the time being. The long-term effects are, however, being studied in greater depth.

(ii) *Ecology*

Here again the amount of available scientific information is very limited. Data on the basis of which criteria can be established are now being collected and studied.

During 1975 a report on this work will be submitted to the Council along with recommendations for future measures.

*Organo-phosphorus compounds*

A study was made of the levels of environmental pollution due to these compounds in the Member States. The effects are now being assessed, again with special reference to the health and ecological aspects.

*Hydrocarbons with known or probable carcinogenous effects*

A study was carried out on the level of surface water pollution in the Member States caused by such products and by phenols and cyanides. A survey carried out at Community level showed that systematic measurements were hardly possible in the at-

<sup>1</sup> Point 316 of this Report.

mosphere. An intercomparison programme on the levels of such pollutants in water has been completed. The results will shortly be available.

Lastly, a study is now being carried out on the consequences for public health of the presence of carcinogenous pollutants in the environment.

#### *Sulphur compounds and suspended particles*

The data available on the levels of such pollutants in the atmosphere of the Member States have been collected and sifted. A critical analysis has been made of the methods used to measure sulphur dioxide in the air.

Intercomparison and calibration programmes are being carried out, making use of mobile laboratories for sampling and measurements.

Before preparing a document on the dose/effects relationships at Community level, it has proved necessary to clarify and supplement the data contained in the World Health Organization document on criteria for the quality of air and indices for pollutants in the urban atmosphere. The results of this work will shortly be forwarded to the Council along with recommendations for appropriate measures.

#### *Nitrogen oxides and photochemical oxidants*

A study has been carried out on the levels of nitrogen oxides present in the air. It should be pointed out that few measurements have been taken and the results obtained are difficult to compare. There is no systematic measurement of photochemical oxidants in the Member States.

A study was made of the effects of nitrogen oxides on health.

#### *Carbon monoxide*

A preliminary study has been made of the levels of carbon monoxide recorded in the atmosphere and a recommendation on the dose/effects relationship is now being drawn up. The results of this work will shortly be submitted to the Council along with recommendations for appropriate measures.

#### *Asbestos and vanadium*

Two preliminary studies on the dose/effects relationship have been completed; these studies outline the problems posed by environmental pollution caused by these compounds.

*Noise pollution*

A document on the dose/effects relationship is being prepared. This document also deals with the methods used in the Member States for the measurement of noise levels and the results obtained. The results of this work will shortly be submitted to the Council along with recommendations for appropriate measures.

*Inorganic micropollutants*

A study was made of the levels of environmental pollution caused by this type of pollutant; 80 000 items of information are included in this study which deals with 16 pollutants in 11 environments and includes a review of the analytical techniques used.

An intercomparison programme has shown the difficulties involved in the analysis of such pollutants in biological tissues.

*Harmonization of methods for measuring pollution levels in water*

A study was made of the factors determining the biochemical oxygen demand (BOD), the chemical oxygen demand (COD) and other physico-chemical parameters.

*Second-category pollutants*

Since the list of second-category pollutants contained in the action programme was merely given as a guide, a proposal concerning its revision has been drawn up and submitted to the Council.

313. As regards *the setting of Community standards for drinking water* (Chapter 2) a draft directive will shortly be submitted to the Council.

This draft takes into consideration:

- the maximum permissible concentrations for a certain number of parameters;
- reference methods of analysis and sampling;
- in the case of certain elements recommendations were made concerning the minimum concentrations required in drinking water (Document No V/1349/74).

The standards relating to water pollutants (lead, mercury, cadmium, organic chlorine compounds) were the subject of a preliminary study on the determination of ecological limits for such pollutants. This study is to be revised and amended, due consideration being given to the various aquatic ecology systems. First of all information is to be

gathered on the surveillance of aquatic ecosystems in order to obtain reference data. The plans for such coordinated surveillance are now being drawn up.

314. As regards *the exchange of information* between the air surveillance and monitoring networks (Chapter 3), a draft Decision relating to surveillance systems in the Member States for carbon dioxide and particles suspended in the atmosphere has been submitted to the Council.

A common procedure for the exchange of information on the two abovementioned pollutants has been worked out and recommended to the Council.

### **Research into the contamination of the environment**

315. The contract of association between EURATOM and the CEA, concluded in 1961, provided for studies and research so that the levels of radioactive contamination of the food chain and the environment could be determined.

In 1974 the Euratom/CEA cooperation continued within the framework of the 'Levels of Pollution' programme.<sup>1</sup> The most significant advances were recorded in the following fields:

- in the field of human biology a scientific work was published on the results of the study of iodine metabolism in adults and children in the countries of the European Community;
- in the field of transfers of pollution from the environment to man, the study of dry iodine deposit was completed and the results have been published; the study of wet iodine deposit and strontium on grasslands is at an advanced stage and the results will shortly be published; the study of cadmium and zinc contamination of irrigated vegetables and fresh-water organisms is progressing satisfactorily;
- the study of the transfer of heavy metals in marine food chains is nearing completion (crustacean chain);
- the study of the transfer of mercury and selenium to aquatic sediments and organisms is progressing satisfactorily.

The problems posed by the dispersion and dilution of radioactive contamination in the distribution chains for foodstuffs have been treated in a first report.

Lastly, the results of the work on the assessment of the collective dose have been published.

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<sup>1</sup> Report on the Development of the Social Situation in the Community in 1972, point 117.



### Scientific seminars on 'Environment and Health'<sup>1</sup>

316. A symposium was organized by the Commission in Luxembourg from 14 to 16 May 1974 on the '*Problems raised by the contamination of man and his environment by persistent pesticides and organo-halogen compounds*'. The symposium underlined the need for broad scientific cooperation on all problems arising from the presence of such pollutants in the environment. This meeting made a considerable contribution not only to the advancement of the general work on the reduction of pollution and nuisances but also to the advancement of the environment programme as a whole and helped to define new topics for research.

From all this, it was obvious that the objective evaluation of the risks is, in the field of pesticides, a work of long duration. A great deal of information exists on the levels measured, but it would be advisable nevertheless, to have one organization for a more coordinated surveillance of these levels, as well as for the organic elements of the environment, water, air, soil as well as foodstuffs, with a view to improving the comparability and the representativity of the results. Analytical techniques are in general satisfactory for measurements where they have been the object of an intercomparison programme within the Community; there are some exceptions especially for HCB and PCB, where an extra effort must be made. The body-burden found in human organs is at a level where there does not exist any significant health risk for Member States' population as a whole. It must be underlined that as concerns the long-term effects, our knowledge contains very large gaps, and that important studies and researches must be put in hand in this area.

The international symposium on the '*Recent progress in the assessment of the effects of environmental pollution on health*' was held in Paris from 24 to 28 June 1974. It was organized by the Commission of the European Communities in conjunction with the World Health Organization and the Environmental Protection Agency (USA) and provided an opportunity for a world-wide assessment of the methods and techniques now available for the study of the actual or probable effects of all environmental pollutants on health. Great interest was shown in this symposium. About 700 participants from more than 50 countries attended the conference, during which over 200 reports were presented. It emerged from the discussions that, despite the advances made and the knowledge acquired so far, the available information was still insufficient for a quantitative and qualitative assessment of the possible damage to health from a large number of known pollutants. Much more research and coordination is required if the gaps in scientific knowledge are to be filled, as regards both human health and the protection of the environment.

<sup>1</sup> Report on the Development of the Social Situation in the Community in 1973, point 301 (last paragraph).

## D. The Development of the Social Situation in figures

I — Population	218
II — Education and research	224
III — Employment	228
IV — Industrial relations and working conditions	237
V — Incomes—labour costs	245
VI — Standard of living	251
VII — Housing	254
VIII — Health	258
IX — Social protection	262
X — Social accounts	266

317. The following statistical survey of the development of the social situation corresponds essentially to those published in the Social Reports for 1972 and 1973. With the dual aim of providing a comparison of the social structure in the various countries and also of enabling developments to be traced over the past, most of the figures are produced in the form of percentages (of the total or the active population, elements of the national accounts etc. or of the total) or as index values.

Some changes have been made to the composition which has been presented in the past two years: thus the sections 'Population' and 'Employment' have been separated and special chapters have been created for 'Health' and 'Housing'. In addition the Commission has endeavoured to gather some new or additional data, especially for some groups of the population or areas, for which the Social Action Programme has laid down priority actions. Furthermore, in order to conform with the work done within the framework of the medium-term economic policy, 1960 has been taken as the base year (formerly 1958), followed by 1965, 1970 and every year thereafter, for which data is available.

Moreover this year's annex includes for the first time commentaries on the individual chapters; in order to facilitate the interpretation of the data for the reader, the methods and definitions which are taken as a basis for the establishment of the statistical data, as well as the possible differences between the individual countries have been emphasized in the first part; and in the second an analysis of the social situation and development in the various branches as they result from the figures, are given.

With respect to the collection and calculation of the various 'indicators' the Commission was also this year dependent again to a great extent upon the statistical data which were gathered at Community level or published by the Member States. In this connection, it should be mentioned that a working party has recently been set up by the Statistical Office of the European Communities to examine which statistical data in the individual Member States can be made available in order to come progressively to a comprehensive system of 'social indicators' in the near future.

# I — Population

## Comments on methods

318. The data concerning population, their structure as well as the most important components of changes in the population, extracted from the publications of the Statistical Office of the European Communities, have been collected by the statistical offices of the Member States. As the data are based essentially on the concepts agreed upon within the OECD, a far-reaching comparability of the results is assured.

The data in respect of the *residential population* arise from the national censuses carried out over longer time periods (from five to ten years), as well as from up-dating between these censuses using the available material concerning changes of population and migrations. All persons are counted as inhabitants, who on the day of the census are habitually resident in the country, i.e. all those who are actually present as well as those nationals who are temporarily abroad, and those foreign nationals who have taken up permanent residence in the country.

On the other hand, the number of *births* and *deaths* which are officially notified are collected and published monthly.

## Remarks concerning the population

319. In the 9 Member States of the European Communities there are currently about 260 million *people*, of which 225 million of them (approx. 88%) live in the four large countries (Germany, UK, France and Italy). The *population density* averages throughout the Community at about 170 people per km<sup>2</sup>; the Netherlands and Belgium have a much greater density, whilst Ireland has by far and away the lowest density (43 people per km<sup>2</sup>).

Compared to the 1960s, the *growth of residential population* has not slowed down to any great extent at the beginning of the 1970s; the evolution shows, however, pronounced differences depending upon the circumstances of the individual country. The population growth has slowed down quite clearly in recent years in Germany and the UK, and to a lesser extent in the Netherlands and Belgium. On the other hand, it has accelerated above all in Ireland, but also indeed in Italy. In Ireland this is above all due to the fact that the tendencies, which have been noted until now, to leave the country have been considerably reduced, and that there has even been observed a return of emigrants amongst whom are skilled workers.

With the exception of Ireland there are more *women* than men resident in all Member States: this is especially so in the case of the countries who have lost a larger proportion of their male population during the World Wars. However during the course of the last 10 to 15 years a certain approximation has occurred, among others due to more boys being born than girls. An especially conspicuous imbalance between the sexes exists amongst the older people (65 years or over): on the average within the Community there are three women to every two men in this age group. During the last 12 years this relationship—with the exception of France—has further increased in all countries.

Quite generally the proportion of *older people* of the total population in all the Member States increases regularly, and to be sure, mostly to the disadvantage of the proportion of the population of working age. Due to the fall in the birth rate in recent years, it is obvious that there will be, in the foreseeable future, a proportional reduction of youth as part of the total population.

All countries—with the exception of Ireland—experienced during recent years the observed fall in birth rates, particularly Germany, Luxembourg and the Netherlands. This trend appears to be continuing generally as the 1974 figures which have been published up until now show. On the other hand the *death rate* during the last few years shows that it was nearly the same as that during the 1960s. A slight fall in the death rate at the beginning of the 1970s is peculiar to France; a minimal increase has been observed for the Netherlands and UK.

Unfortunately, only insufficient and not always comparable data exist in respect of a further important element in the changes of population, namely the *migrations* across the frontiers. It is certain, however, that of the increase in population from 1960 to 1973—approximately 25 millions—an important proportion (estimated at about a quarter) is due to the migrations of people from countries outside the Communities.

	Year	Belgium	Germany	France
<b>1. Inhabitants — Annual Average</b>				
<b>(a) in millions</b>				
	1960	9.2	55.4	45.7
	1965	9.5	58.6	48.8
	1970	9.7	60.7	50.8
	1971	9.7	61.3	51.3
	1972	9.7	61.7	51.7
	1973	9.7	62.0	52.1
<b>(b) average annual increase as %</b>				
	1960-65	0.7	1.1	1.3
	1965-70	0.4	0.7	0.8
	1971	0.2	1.1	0.9
	1972	0.4	0.6	0.9
	1973	0.3	0.5	0.8
<b>(c) per km<sup>2</sup></b>				
	1960	300	223	83
	1973	319	249	95
<b>(d) proportion of women as %</b>				
	1960	51.2	53.1	51.5
	1965	51.0	52.5	51.6
	1970	51.1	52.4	51.2
	1973	51.1	52.2	51.0
<b>2. Inhabitants at the end of the year</b>				
<b>(a) by age groups as %</b>				
<b>0-14 years</b>				
	1960	23.7	21.6	26.5
	1970	22.8	23.1	24.7
	1971	23.4	22.9	24.6
	1972	23.1	22.6	24.5
	1973	22.8	.	24.4
<b>15-64 years</b>				
	1960	64.3	67.5	61.9
	1970	63.6	63.6	62.4
	1971	63.0	63.6	62.4
	1972	63.2	63.6	62.4
	1973	63.5	.	62.4
<b>65 years and over</b>				
	1960	12.0	10.9	11.6
	1970	13.6	13.3	12.9
	1971	13.6	13.5	13.0
	1972	13.7	13.8	13.1
	1973	13.7	.	13.2

*Sources of the basic data*

1. (a)-(c): 'General Statistics — Monthly Statistics', SOEC, Luxembourg.
1. (d): 'Social Statistics' 2-1973 and Internal Information 31-10-74, SOEC, Luxembourg. 'Year-book of Social Statistics — 1972', SOEC, Luxembourg.
2. (a): 'Year-book of Social Statistics — 1972', SOEC, Luxembourg.

Italy	Luxembourg	Netherlands	United Kingdom	Ireland	Denmark	EUR-6	EUR-9
50.2	0.31	11.5	52.6	2.8	4.6	172.3	232.2
51.9	0.33	12.3	54.4	2.9	4.8	181.4	243.4
53.6	0.34	13.0	55.5	2.9	4.9	188.1	251.5
53.9	0.34	13.2	55.7	3.0	4.9	189.8	253.4
54.3	0.35	13.3	55.9	3.0	5.0	191.2	255.0
54.9	0.35	13.4	56.0	3.1	5.0	192.5	256.6
0.7	1.1	1.4	0.7	0.3	0.8	1.0	1.0
0.6	0.5	1.2	0.4	0.5	0.7	0.7	0.6
0.6	1.5	1.2	0.3	1.0	0.7	0.9	0.8
0.8	0.9	1.0	0.3	1.2	0.6	0.7	0.6
0.9	1.3	0.8	0.2	1.2	0.6	0.7	0.6
167	121	282	215	40	106	147	152
182	136	329	230	43	116	164	168
50.0	50.7	50.2	51.6	49.6	50.4	51.5	51.5
50.8	50.8	50.1	51.6	49.7	50.4	51.5	51.5
51.0	50.8	50.1	51.3	49.8	50.4	51.5	51.4
51.2	50.7	50.2	51.3	49.8	50.4	51.3	51.3
24.5	21.4	30.0	23.3	31.1	24.9	24.4	24.2
24.5	22.0	27.2	24.0	31.2	23.1	24.2	24.2
24.4	21.6	26.9	24.1	31.3	23.1	24.1	24.1
24.4	21.3	26.6	24.0	31.3	23.0	23.9	24.0
.	20.8	.	23.9	31.3	22.8	.	.
66.0	67.8	61.0	65.0	57.7	64.4	65.0	64.9
64.5	65.4	62.6	63.2	57.9	64.5	63.5	63.4
64.3	64.9	62.8	62.7	57.6	64.3	63.5	63.3
64.3	65.9	63.0	62.6	57.6	64.2	63.4	63.2
.	66.3	.	62.6	57.6	64.2	.	.
9.5	10.8	9.0	11.7	11.2	10.7	10.6	10.9
11.0	12.6	10.2	12.8	10.9	12.4	12.3	12.4
11.3	12.7	10.3	13.2	11.1	12.6	12.4	12.6
11.3	12.8	10.4	13.4	11.1	12.8	12.6	12.8
.	12.9	.	13.5	11.1	13.0	.	.

	Year	Belgium	Germany	France	
(b) Females to 100 Males	0-14 years	1960	96.5	95.1	96.4
		1971	95.4	95.0	96.1
		1972	95.5	95.0	96.1
		1973	95.7	.	95.9
	15-64 years	1960	101.7	112.8	101.2
		1971	100.7	106.3	95.4
		1972	100.4	105.7	98.7
		1973	100.2	.	98.4
	65 years and over	1960	137.1	146.8	171.2
		1971	144.7	160.5	161.1
		1972	144.5	161.9	160.6
		1973	146.3	.	160.0
<b>3. Components of population changes</b>					
(a) Live births per 1 000 inhabitants	1960	16.9	17.4	18.0	
	1965	16.3	17.7	17.7	
	1970	14.6	13.4	16.7	
	1971	14.4	12.7	17.1	
	1972	13.9	11.3	16.9	
	1973	13.4	10.3	16.4	
(b) Deaths per 1 000 inhabitants	1960	12.3	11.6	11.4	
	1965	12.2	11.5	11.1	
	1970	12.3	12.1	10.6	
	1971	12.3	11.9	10.8	
	1972	12.3	11.8	10.6	
	1973	12.2	11.8	10.7	

*Sources of the basic data*

2. (b): 'Year-book of Social Statistics 1972', SOEC, Luxembourg. 'Social Statistics 2-1973', SOEC, Luxembourg.  
 3. (a)-(b): 'General Statistics Monthly Statistics', SOEC, Luxembourg. 'Social Statistics 2-1973', SOEC, Luxembourg.



Italy	Luxembourg	Netherlands	United Kingdom	Ireland	Denmark	EUR-6	EUR-9
95.6	95.6	95.0	95.2	95.5	95.4	95.7	95.6
95.1	97.4	95.5	94.9	95.4	95.2	95.6	95.5
95.3	94.8	95.5	94.9	95.7	95.2	95.5	95.3
.	95.5	.	94.8	95.7	95.3	.	.
103.6	101.2	101.9	106.0	98.8	101.8	105.7	105.6
103.0	100.0	98.2	100.9	97.6	99.0	101.4	101.2
103.2	96.6	96.6	100.8	97.7	98.9	102.3	101.8
.	98.1	.	100.6	97.8	98.7	.	.
136.6	127.5	114.3	158.7	111.4	117.3	147.6	149.0
139.2	131.6	129.5	160.5	119.3	129.3	153.7	154.3
139.6	141.6	131.4	159.6	119.0	130.2	152.7	153.4
.	144.4	.	159.1	119.0	131.3	.	.
18.1	15.9	20.8	17.5	21.5	16.6	18.0	17.9
19.1	15.9	19.9	18.3	22.1	18.0	18.2	18.3
16.8	13.0	18.3	16.3	21.8	14.4	15.7	15.8
16.8	12.9	17.2	16.3	22.8	15.2	15.5	15.7
16.3	11.8	16.1	14.9	22.4	15.1	14.7	14.9
16.0	10.8	14.5	14.0	22.3	14.3	14.0	14.1
9.6	11.8	7.6	11.5	11.5	9.5	10.7	10.9
10.0	12.3	8.0	11.6	11.5	10.1	10.8	11.0
9.7	12.2	8.4	11.8	11.5	9.8	10.8	11.0
9.7	12.8	8.4	11.6	10.6	9.9	10.7	10.9
9.6	11.9	8.5	12.1	11.3	10.1	10.6	11.0
9.9	11.9	8.2	12.0	10.9	.	10.7	.

## II — Education and research

### Comments on methods

320. This part is confined essentially to *education provided by schools*, as there are not available as yet any extensive comparable data on vocational training in the individual Member States. In this respect inquiries have been set up within the framework of the sample surveys on labour force carried out during 1973, the results of which will be available in 1975.

The following data on *pupils and students* deal with persons participating in the ordinary educational system. The numbers have been subdivided by level of education taking into account on the one hand the needs of the Communities for information, and on the other classifications of other international organisations which already exist in this field.

The following four levels of education are presented:

- (a) *Pre-school-level*: comprises types of education which precede compulsory schooling. The duration of this education varies according to country and ranges between 4 years in Belgium and 2 years in the majority of other countries.
- (b) *The first level*: comprises schools which provide basic education, in all cases compulsory, and of a duration of 5 years in general. The age at which children start their education at the first level differs amongst the various countries (United Kingdom 5 years, Denmark 7 years, other countries 6 years) as indeed does the duration: for countries in which the duration of the first level is longer than 5 years, modifications of the figures have been introduced.
- (c) *The second level*: comprises the most heterogeneous types of education. This level covers two cycles: one, the lower, which corresponds in the majority of countries to the end of the period of compulsory schooling; and the other, the higher, which leads to a diploma at the end of the studies. This sub-division has not yet been effected in the summary below; it is however planned for future publications.
- (d) *The third level*: encompasses universities and all other types of higher education.

Finally, some more data of appropriations for *research and development*, and especially those for social purposes have been collected.

### Comments on Education

321. The tendency of ever-increasing numbers of *pupils* striving for a higher school education is illustrated by the figures: in the last 10 years the proportion of children attending school at the second level in practically all countries has grown strongly and particularly the number of *students* at universities and technical colleges has increased considerably. In France this has led to the proportion of the students to the total number of schoolchildren and students being doubled; this proportion has increased appreciably also in Italy, Belgium and the Netherlands.

The *preliminary schools* have risen in importance in the last decade especially in some countries, where they have been not so well developed up until now, such as France, Luxembourg and Germany.

The data of public credits for *research and development* per inhabitant illustrates considerable differences between the countries, whereby—with the exception of Luxembourg—the countries which have by way of comparison the lowest Gross Domestic Product are also those with the least expenditure for research and development.

	Year	Belgium	Germany	France
<b>1. Number of people at preparatory schools, schools and universities by level as %</b>				
– Pre-school level	1962/63	21.1	10.5	14.7
	1970/71	19.4	10.8	17.8
	1971/72	18.9	11.0	18.1
– first level	1962/63	46.6	39.7	55.8
	1970/71	44.3	38.8	41.4
	1971/72	43.9	36.1	39.8
– second level	1962/63	29.2	44.2	26.5
	1970/71	30.9	44.3	34.8
	1971/72	31.7	46.5	35.8
– third level	1962/63	3.2	5.7	3.0
	1970/71	5.4	6.1	5.9
	1971/72	5.5	6.4	6.4
<b>2. Number of people at school and university<sup>3</sup> (full time education) as % of the population</b>				
	1960/61	16.4	12.9	18.4
	1965/66	18.1	13.5	19.2
	1970/71	19.7	16.1	19.9
	1971/72	19.9	16.7	20.1
	1972/73	20.2 <sup>P</sup>	17.2	20.2
<b>3. Research and development appropriations</b>				
– Total appropriations in EUR per head	1970	20.0	29.3	34.5
	1972	26.7	42.5	41.8
• of which: appropriations for research for social purposes	1970	3.10	2.04	.
	1972	4.56	3.73	5.39
• of which: Health	1972	1.57	1.65	1.17
Social and human sciences	1972	1.55	0.86	0.81
– Total appropriations in % of the gross domestic product at market prices	1970	0.78	0.95	1.19
	1972	0.83	1.16	1.19

<sup>1</sup> In the United Kingdom, five years old children are included in the first level, as the compulsory education starts at the age of 5.

<sup>2</sup> Only preparatory school pupils aged 6 years.

<sup>3</sup> Without nursery schools.

### III — Employment

#### Comments on methods

322. With the exception of those for migrant workers all basic data in this section are taken from the publications of the Statistical Office of the European Communities. It is necessary to distinguish between the following types of statistics:

- (a) The series set up by the national statistical offices in respect of the *labour force* and *employment*. These are established as a rule by updating or by totalling the results of the national censuses and/or of the Community sample surveys on the labour force.

In view of the time periods covered by the enquiries and the definitions applied, certain differences exist:

- whilst most of the countries calculate annual averages, the data for Belgium and the United Kingdom are those at 30 June each year;
- all countries with the exception of Italy have preference for the 'national concept' (all people, who have their dwelling in an area of the country concerned), whilst Italy on the other hand prefers the 'domestic concept' but excludes persons confined by the state in institutions;
- the data of the Netherlands refer to man/years rather than to persons.

- (b) In respect of the *unemployed* there are three sources of information: the statistics of the national employment services, the results of the Community sample surveys and the annual estimates according to the definitions proposed by the OECD.

As the data of the employment services reflect the specific national requirements and cannot therefore be compared, the basic data of the following table are taken from both of the other sources:

- *the unemployment* rates have been calculated in accordance with the OECD definition of unemployment;
- on the other hand the data on the *structure of the unemployed* (the proportion of women, young and older workers) are taken from the Community sample surveys on labour force carried out in the original 6 Member States: people are counted as unemployed if they have stated that they were out of work during the reference period.

- (c) The figures concerning *the migrant workers* are for the most part gathered from the national employment services and have been transmitted to the European Coordination Office in Brussels. Since the implementation of the freedom of movement of workers within the Community and the subsequent dispensation

Italy	Luxembourg	Netherlands	United Kingdom	Ireland	Denmark	EUR-6	EUR-9
14.5	10.1	15.2	.	.	.	14.0	.
14.4	12.6	15.3	3.2 <sup>1</sup>	13.1	2.4 <sup>2</sup>	14.8	12.2
14.2	13.1	15.0	3.1 <sup>1P</sup>	13.0	3.5 <sup>2</sup>	14.9	12.1
52.1	69.7	52.4	.	.	.	49.8	.
44.7	57.8	47.9	54.7	56.3	44.8	42.3	45.1
43.8	57.1	46.9	55.8 <sup>P</sup>	55.5	44.4	40.7	44.2
29.7	18.2	28.9	.	.	.	32.3	.
34.7	26.7	31.3	37.9	27.2	43.9	36.9	37.1
35.3	26.8	32.2	37.0 <sup>P</sup>	28.0	43.0	38.1	37.8
3.7	2.0	3.5	.	.	.	3.9	.
6.2	2.9	5.5	4.2	3.4	8.9	6.0	5.6
6.7	2.9	5.9	4.1 <sup>P</sup>	3.5	9.1	6.3	5.9
13.8	12.7	19.9	.	.	.	15.3	.
15.3	14.1	19.7	17.1	20.2	16.0	16.3	16.4
17.6	15.6	20.7	18.9	22.1	17.1	18.1	18.3
18.0	15.9	21.0	20.2	22.4	17.5	18.5	18.9
18.3	15.2	21.2	.	22.8	18.1	18.9	.
8.0	.	22.7	27.2	4.6	17.4	23.7	24.1
8.2	.	27.7	35.0	6.1	24.7	30.7	31.3
0.69	.	3.47	1.25	0.81	2.34	.	.
0.70	.	4.89	1.63	1.20	3.11	3.44	3.01
0.27	.	2.05	0.76	0.34	1.38	1.15	1.06
0.13	.	1.41	0.25	0.26	0.63	0.71	0.60
0.46	.	0.94	1.25	0.34	0.54	0.92	0.97
0.41	.	0.91	1.32	0.35	0.63	1.00	1.05

Sources:

<sup>1</sup> 'Social statistics' 5/73, SOEC, Luxembourg.  
<sup>2</sup> 'General statistics — Monthly Statistics', SOEC, Luxembourg.  
<sup>P</sup> 'Statistical studies and surveys', 1/1974, SOEC, Luxembourg.  
= provisional.

of work permits, the Member States find it particularly difficult to give reliable figures in respect of the workers who move within the Community.

Furthermore inquiries on the number of employed migrant workers are carried out over longer time periods only in several countries, such as in France and in the United Kingdom; for the United Kingdom there exists further special difficulties in view of the citizenship of many workers from the Commonwealth.

### Comments on employment

323. There exist considerable differences in the activity rates between the countries; whilst the civilian *labour force* in Denmark is about 48% of the total population, in Italy, the Netherlands and Ireland it represents only 34-36%. In this connection attention must be drawn to the fact that in Denmark the age limit for the old-age pension is currently 67 years of age, whilst in most countries it is 65 years of age (or 60 years for women in the United Kingdom and in some countries by advanced claims for pensions), and on the other hand in Italy it is 60 years for men and 55 years for women (so long as contributions have been made over a period of at least 35 years). Comparatively high activity rates are also seen in the United Kingdom, in Germany and in Luxembourg.

In comparison to the beginning of the 1960s the proportion of the labour force of the total population in Germany (despite a large influx of foreign workers) and in Italy has considerably decreased whilst in Ireland and the United Kingdom this decrease is not quite so strong. This may in part be due to the relative fall in the number of people of working age, and above all in Germany and Italy it can also be attributable to the fact that there are fewer employed women in the 1970s than at the beginning of the 1960s. The converse (increasing rates of activity and growing *employment amongst women*) is valid above all for Denmark and Belgium, and to a lesser extent also for Luxembourg. Denmark is seen to have by far and away the highest rate of employment of women. On the other hand in the Netherlands, Italy, Ireland and Luxembourg the participation of women in active life is considerably less than in the other Member States.

In the Community of the 9 countries more than 100 million people are on average employed annually. Since the beginning of the 1970s the number of *civilian employed* has scarcely altered; exception to this occurred in France, Denmark and Luxembourg, where it has continued to increase from year to year. During the course of the 1960s the total number of civilian employed in the 9 countries had increased by about a further 2 millions, an increase which is due especially to the influx of workers from third countries (see page 236).

	Year	Belgium	Germany	France
<b>1. Civilian labour force — Annual Average or as at 30 June</b>				
<b>(a) as % of total population</b>				
	1960	38.9	47.3	41.5
	1965	38.9	45.3	40.6
	1970	39.6	43.4	40.9
	1971	39.9	43.1	40.9
	1972	39.9	42.8	40.9
	1973	40.2	42.7	41.1
<b>(b) Female labour force as % of female population</b>				
	1960	23.2	33.5	28.9 <sup>1</sup>
	1965	23.8	31.9	.
	1970	25.7	30.3	28.7
	1971	26.2	30.2	29.1
	1972	26.6	30.2	29.4
	1973	27.1	30.2	29.7
<b>2. Civilian employment — Annual average or as at 30 June</b>				
<b>(a) in thousands</b>				
	1960	3447	25 954	18 712
	1965	3619	26 418	19 544
	1970	3747	26 169	20 394
	1971	3786	26 225	20 512
	1972	3783	26 126	20 663
	1973	3816	26 202	20 954
<b>(b) average annual increase as %</b>				
	1960-65	1.0	0.4	0.9
	1965-70	0.7	-0.2	0.9
	1971	1.0	0.2	0.6
	1972	-0.1	-0.4	0.7
	1973	1.0	0.3	1.4
<b>(c) Female employment as % of total employment</b>				
	1960	26.4	35.0	35.5 <sup>1</sup>
	1970	33.0	36.6	35.8
	1971	33.4	36.6	36.1
	1972	34.0	36.8	36.5
	1973	34.3	36.8	36.7

<sup>1</sup> Community sample survey on labour force.<sup>2</sup> 1966.



Italy	Luxembourg	Netherlands	United Kingdom	Ireland	Denmark	EUR-6	EUR-9
42.8	41.4	35.7	46.8	39.2	44.0	43.1	44.0
37.6	42.0	35.9	47.1	38.7	46.3	40.9	42.4
35.6	42.4	35.6	45.6	37.6	47.3	39.8	41.2
35.3	42.9	35.5	44.4	37.3	47.7	39.6	40.8
34.6	43.4	35.1	44.4	36.8	47.6	39.3	40.6
34.6	43.6	34.8	44.9	36.3	47.9	39.3	40.6
24.9	19.1 <sup>1</sup>	16.8 <sup>1</sup>	31.1	(20.6)	26.7	25.3 <sup>1</sup>	.
20.8			32.3	20.1 <sup>2</sup>	31.1		
19.1	19.9 <sup>1</sup>	(17.4)	32.3	(19.7)	37.0	25.6	27.2
18.9	20.2 <sup>1</sup>	17.9	31.0	19.4	37.8	25.7	27.4
18.4	(19.8)	(18.2)	31.4	(19.2)	38.7	25.6	27.1
18.8	20.3 <sup>1</sup>	(18.1)	32.5	(19.0)	39.2	25.8	27.4
20 002	134	4 052	24 257	1 046	1 985	72 301	99 589
18 816	139	4 382	25 327	1 061	2 178	72 918	101 484
18 514	144	4 585	24 748	1 045	2 315	73 553	101 661
18 455	148	4 612	23 988	1 047	2 338	73 738	101 111
18 140	151	4 563	24 010	1 037	2 355	73 426	100 828
18 310	154	4 564	24 553	1 042	2 385	74 000	101 980
-1.2	0.7	1.6	0.9	0.3	1.9	0.2	0.4
-0.3	0.7	0.9	-0.5	-0.3	1.2	0.2	0.0
-0.3	(2.5)	0.6	.	0.2	1.0	0.3	-0.5
-1.7	(2.0)	-1.1	-0.1	-1.0	0.7	-0.4	-0.3
0.9	(2.0)	0.0	2.3	0.5	1.3	0.8	1.1
27.7	25.2 <sup>1</sup>	22.8 <sup>1</sup>	34.4	(26.5)	31.8	(31.9) <sup>1</sup>	.
27.1	25.8	24.6	36.9	(26.7)	39.4	33.0	34.1
27.2	25.8	25.4	36.6	26.6	40.0	33.2	34.1
26.9	26.6	26.2	37.0	(26.7)	41.0	33.4	34.4
27.4	26.9	(26.2)	37.7	(26.7)	41.1	33.6	34.6

Sources of the basic data

1. (a): 'General Statistics — Monthly Statistics', SOEC, Luxembourg.

1. (b)+2. (c): 'Social Statistics' 2-1973 and Internal Information 31-10-74, SOEC, Luxembourg.

2. (a)+2. (b): 'General Statistics — Monthly Statistics', SOEC, Luxembourg.

	Year	Belgium	Germany	France
<i>(d) by sectors as %</i> (Annual estimates)				
Agriculture, forestry, fishing	1960	8.7	14.0	22.4
	1965	6.4	10.9	17.7
	1970	4.8	8.6	14.1
	1971	4.4	8.2	13.4
	1972	4.2	7.8	12.9
	1973	3.9	7.5	12.2
Industry (Mining, energy supply, manufacturing, construction)	1960	46.8	48.2	39.0
	1965	47.0	49.7	39.4
	1970	44.7	49.8	38.8
	1971	44.2	49.5	38.6
	1972	43.3	49.1	39.3
	1973	43.3	48.9	39.3
Services (Transport, trades, insurance, banking, public administration, other services)	1960	44.5	37.8	38.6
	1965	46.6	39.4	42.9
	1970	50.4	41.6	47.2
	1971	51.3	42.3	48.0
	1972	52.5	43.1	47.7
	1973	52.8	43.6	48.4
3. <i>Civilian employees in employment —</i> Annual average or as at 30 June				
(a) as % of total civilian employment	1960	73.8	77.2	69.5
	1965	77.8	80.6	74.1
	1970	79.3	83.1	77.8
	1971	80.0	83.6	78.6
	1972	80.5	83.8	79.3
	1973	81.1	84.2	80.2
(b) <i>Foreign workers</i> as % of civilian employees in employment	1960	6.3	1.4	6.9 <sup>a</sup>
	1965	6.3	5.5	7.6 <sup>a</sup>
	1970	6.7	8.5	10.0 <sup>a</sup>
	1971	6.9	9.9	10.5 <sup>a</sup>
	1972	7.1	10.6	10.8 <sup>a</sup>
	1973	7.1	11.3	
(c) Workers from Third Countries as % of civilian employees <sup>4</sup>	1960	1.5	0.6	4.6 <sup>a</sup>
	1973	3.0	8.8	9.0 <sup>a</sup>

<sup>a</sup> Estimates.

<sup>1</sup> Includes workers from the Commonwealth and independent and self-employed foreign workers;

<sup>2</sup> Approved working permits; excluding workers from the UK and the Commonwealth;

<sup>3</sup> Excluding workers from the Northern Labour Market;

<sup>4</sup> 1960: Community of the 6; 1973: Community of the 9;

<sup>5</sup> 1971.

Italy	Luxembourg	Netherlands	United Kingdom	Ireland	Denmark	EUR-6	EUR-9
32.9	16.4	11.5	4.2	37.3	18.4	21.0	17.0
26.0	13.6	8.9	3.4	32.0	15.0	16.3	13.2
19.5	11.1	7.2	2.8	27.1	11.5	12.6	10.3
19.4	10.1	6.9	3.1	26.1	10.9	12.2	10.1
18.2	9.3	6.9	3.0	25.7	9.8	11.6	9.6
17.4	9.1	6.8	3.0	25.0	9.5	11.1	9.2
36.9	44.0	40.3	48.8	23.7	37.2	42.2	43.5
40.7	45.7	40.9	48.1	27.9	37.4	43.9	44.7
43.8	46.5	38.6	46.5	29.9	37.8	44.3	44.5
44.2	47.3	37.8	43.9	30.9	37.2	44.1	43.8
44.3	48.3	36.6	42.9	30.3	34.2	44.1	43.4
44.0	48.7	36.2	42.3	30.7	33.8	43.9	43.2
30.2	39.6	48.2	47.0	39.0	44.4	36.8	39.5
33.3	40.7	50.2	48.6	40.1	47.6	39.8	42.1
36.6	42.4	54.2	50.7	43.1	50.7	43.1	45.2
36.4	42.6	55.3	53.0	43.1	51.9	43.7	46.1
37.5	42.4	56.5	54.1	44.0	56.0	44.3	46.9
38.6	42.2	57.1	54.7	44.2	56.7	45.0	47.6
58.4	70.5	77.3	92.7	60.7	77.6	69.8	75.5
63.7	73.4	81.2	93.3	65.0	77.7	74.4	79.1
68.3	76.4	83.4	92.5	68.6	79.4	77.7	81.3
69.3	77.5	83.7	92.2	69.6	79.8	78.4	81.6
70.5	78.8	83.8	92.1	69.7	81.7	79.1	82.2
71.3	79.2	83.9	92.3	70.3	81.5	79.7	82.7
0.0	22	0.8	.	.	0.6 <sup>3</sup>	2.8	
0.2	28	1.7	.	.	0.8 <sup>3</sup>	4.7	
0.3	30	3.1	.	0.3 <sup>2</sup>	1.3 <sup>3</sup>	6.7	
0.3	33	3.2	7.5 <sup>1</sup>	0.3 <sup>2</sup>	1.9 <sup>3</sup>	7.4	
0.4	34	3.2	.	0.3 <sup>2</sup>	1.9 <sup>3</sup>	7.8	
0.4	35	.	.	0.3 <sup>2</sup>	1.9 <sup>3</sup>	8.0	
0.0	2.2	0.4	.	.	0.3 <sup>3</sup>	1.6	
0.2	11.3	1.6	4.5 <sup>1 5</sup>	0.1 <sup>2</sup>	1.5 <sup>3</sup>	5.9	5.4 <sup>6</sup>

Sources of the basic data

2. (d) + 3. (a) 'General Statistics — Monthly Statistics', SOEC, Luxembourg.

3. (b) + 3. (c) National employment agencies.

	Year	Belgium	Germany	France
<b>4. Unemployed</b>				
<b>(a) as % of the civilian labour force (unemployment rate)</b>				
	1960	3.3	1.0	1.3
	1965	1.7	0.6	1.4
	1970	2.0	0.6	1.7
	1971	1.9	0.7	2.1
	1972	2.4	0.9	2.3
	1973	2.5	1.0	2.1
<b>(b) Unemployed young people as % of total unemployed</b>				
14-19 years	Autumn 1960	13	18	34
20-24 years	Autumn 1960	13	10	17
14-19 years	Spring 1968	8	8	20
20-24 years	Spring 1968	17	10	18
14-19 years	Spring 1971	(5)	8	16
20-24 years	Spring 1971	19	12	21
14-19 years	Spring 1973	13	20	16
20-24 years	Spring 1973	21	13	23
<b>(c) Unemployed older people as % of total unemployed</b>				
45-54 years	Autumn 1960	23	18	13
55 years and over	Autumn 1960	27	20	14
45-54 years	Spring 1968	14	17	14
55 years and over	Spring 1968	26	28	16
45-54 years	Spring 1971	15	16	14
55 years and over	Spring 1971	26	18	17
45-54 years	Spring 1973	14	18	16
55 years and over	Spring 1973	18	11	14

*Sources of the basic data*

4. (a) 'General Statistics — Monthly Statistics', SOEC Luxembourg;

4. (b) + (c) 'Community sample survey on labour force': 'Statistical Informations' 1962 — 2 bis; 'Social Statistics' 6-1969 and 3-1972.

The *distribution* of the civilian employed throughout the main sectors of the economy shows a strong departure of workers from agriculture: as opposed to 17% in 1960 about 9% of all civilian employed are currently active in agriculture; the proportionate increase has been of advantage particularly to the services (transport, commerce, insurances, public and private services), whilst industry has maintained more or less its share.

Italy	Luxembourg	Netherlands	United Kingdom	Ireland	Denmark	EUR-6	EUR-9
4.0	0.0	1.2	1.3	5.7	1.5	2.0	1.9
3.7	0.0	0.8	1.2	4.6	1.2	1.7	1.6
3.2	0.0	1.2	2.2	5.9	0.7	1.7	1.8
3.2	0.0	1.5	2.9	5.8	1.1	1.9	2.1
3.7	0.0	2.5	3.2	6.4	1.0	1.2	2.5
3.5	0.0	2.5	2.3	6.0	0.9	2.1	2.2
34	.	24	9	.	.	31	.
23	.	15	.	.	.	19	.
29	.	13	15	.	.	21	.
26	.	22	16	.	.	21	.
26	.	.	11	.	.	.	.
30	.	.	13	.	.	.	.
29	.	.	12	.	.	.	.
32	.	.	15	.	.	.	.
10	.	15	27	.	.	12	.
4	.	17	25	.	.	10	.
9	.	16	14	.	.	12	.
5	.	19	23	.	.	13	.
9	.	.	16	.	.	.	.
4	.	.	25	.	.	.	.
7	.	.	15	.	.	.	.
2	.	.	28	.	.	.	.

The fall in the number of self-employed and family helpers in agriculture as well as in other branches of the economy has led in the last 15 years to a substantial increase in the proportion of the *wage and salary earners* in the total number of civilian employment in all countries (with the exception of the United Kingdom); on average for all countries from about 75% to over 82%.

Another factor influencing this tendency is the influx of *migrant workers* from third countries. At present it is estimated that there are 6½ million foreign workers in the Community, of whom more than 4½ million come from third countries. That means that for every 100 employed workers 8 are migrants—5½ of whom come from outside the Community. In 1960 it was barely 3 million, of whom 1½ to 2 million came from third countries.

The Member States of the Community are still marked by really diverse *rates of unemployment*: in particular the highest rate is in Ireland followed by Italy, whilst in Luxembourg there is practically no unemployment. At the beginning of the 1970s unemployment has risen in almost all member countries, in some cases to such an extent that the rates of unemployment exceeded those of 1960 (above all in France, the Netherlands and the United Kingdom). 1973 brought, however, above all for the United Kingdom, to a lesser extent also for Ireland, France and Italy, an improvement of the situation on the labour market.

In France and especially in Italy there are, relatively speaking, many *young workers* amongst the *unemployed*; this proportion would be even greater than that shown in the table, if all those persons, who are looking for employment for the first time, and particularly the young workers amongst them, were always included.

On the other hand *older workers* are more strongly threatened by unemployment in Germany and Belgium, probably just as in the United Kingdom and Ireland than in the other member countries; this phenomenon has not altered much during the course of the last 10 years.

## IV — Industrial relations and working conditions

### Comments on methods

324. In the fields of industrial relations and working conditions relatively few reliable statistical data are available which can be compared at international level. If wages and salaries, which are the subject of the following section, are disregarded, only statistics on industrial disputes and on hours actually worked—and even then only those of industrial workers—are regularly established.

Most of the data in this section are taken therefore from existing legislation concerning working hours, annual holidays and public holidays, as well as from the provisions of the collective agreements on those matters.

(a) Only a few countries, such as Germany and the Netherlands, publish regularly statistical figures on the number of *trade union members*; for most of the other countries, on the other hand, more or less reliable estimates have to be made. They are sufficient, however, to determine the approximate extent of trade union membership.

(b) *The normal number of working hours per week* laid down by legislation represents the norm which is fixed by law or regulation, whereby an additional payment for overtime is due in the event of this norm being exceeded. This norm is frequently lower for young workers and also for women; the data in the table relate only to those regulations affecting adults. Attention is further drawn to the fact that at present in two countries (United Kingdom and Denmark) there exists no general valid legislation in respect of normal working hours.

Through *collective agreements* the legal norm in respect of *hours of work per week* is reduced. In France, on the other hand, where the 40 hour week was already legally recognized in 1936, the collective agreements foresee reductions in normal working hours in firms which are often in excess of 40 hours, or the determining of a maximum number of hours of work per week.

Since 1966 there has existed at Community level a harmonized statistic on the number of *hours of work offered* to the industrial wage earners, i.e. those hours which have been offered by the enterprise to a worker present for the whole week. For two of the new member countries, only the results of the statistics on hours actually worked which have been established in accordance with the national methods and definitions, were available in the past and there are no statistical data in respect of the actual number of hours of work for Denmark.

(c) Also the data on the number of annual holidays laid down by law apply exclusively to adults; there exist often more favourable regulations for the young workers.

	Year	Belgium	Germany	France
<b>1. Percentage of employees who are members of trade unions</b>				
	1960	62	38	24
	1965	62	38	23
	1970	66	38	22
	1973	70	39	22
<b>2. Working days lost through industrial disputes per 1 000 employees</b>				
	1960	132	2	82
	1965	25	2	68
	1970	482	4	110
	1971	410	205	281
	1972	116	3	229
	1973	280	26	233
<b>3. Hours of work per week</b>				
<b>(a) Normal hours of work fixed by legislation</b>				
	1960	48	48	40
	1965	45	48	40
	1970	45	48	40
	1971	45	48	40
	1972	45	48	40
	1973	45	48	40
	1974	45	48	40
<b>(b) Normal hours of work for manual workers in industry by collective agreements</b>				
	1960	45-46	40-45	—
	1965	45	40-43	—
	1970	42-44	40-41	—
	1971	41½-43	40-41	—
	1972	41-42 <sup>3</sup>	40	—
	1973	40-42 <sup>3</sup>	40	—
	1974	40-41 <sup>3</sup>	40	—
<b>(c) Hours of work offered to wage earners in industry (including mining and construction) — October</b>				
	1966	44.2	43.9	47.3
	1967	43.8	43.0	46.7
	1970	42.7	44.1	45.9
	1971	42.5	43.5	45.5
	1972	41.7	43.2	45.0
	1973	41.0	42.9	44.4

<sup>1</sup> No general legislation; in accordance with some legislation (above all the 'Factories Act 1961') only the number of hours to be worked in any one week by female workers and by young workers aged under 16 years is limited to 44 hours.

<sup>2</sup> Only provisions stipulating at least 11 hours rest within any 24-hour period starting at the beginning of a normal working day.

<sup>3</sup> Construction: 43 3/4 hours in 1972, 43 hours in 1973 and 42 hours in 1974.

<sup>4</sup> From 1 September.

<sup>5</sup> From 2 December.



Italy	Luxembourg	Netherlands	United Kingdom	Ireland	Denmark	EUR-6	EUR-9
55-60	60	42	43	44	70	41	42
55-60	60	41	43	46	70	39	41
50-55	55	41	47	49	70-75	39	42
50-55	52	42	49	49	70-75	39	42
495	0	148	135	127	40	153	144
579	0	15	124	795	143	150	147
1 445	0	69	480	1 405	56	381	410
1 011	0	25	613	376	11	403	450
1 333	0	35	1 081	286	11	368	549
1 564	0	152	318	282	2 007	447	446
	Workers/ Employees						
48	48/48	48	. <sup>1</sup>	48	. <sup>2</sup>	40-48	40-48
48	48/44	48	. <sup>1</sup>	48	. <sup>2</sup>	40-48	40-48
48	48/44	48	. <sup>1</sup>	48	. <sup>2</sup>	40-48	40-48
48	44/44	48	. <sup>1</sup>	48	. <sup>2</sup>	40-48	40-48
48	44/40	48	. <sup>1</sup>	48	. <sup>2</sup>	40-48	40-48
48	44/40	48	. <sup>1</sup>	48	. <sup>2</sup>	40-48	40-48
48	44/40	48	. <sup>1</sup>	48	. <sup>2</sup>	40-48	40-48
46½-48	44-48	45-48	43-44	44	48	40-48	40-48
44-46½	42-46	45	40-42	42½-44		40-46½	40-46½
42-44	41-45	42½-43¾	40-41	41-42	42½-41¾ <sup>4</sup>	40-45	40-45
40-43	41-44	42½-43¾	40	40-42	41¾	40-44	40-44
40-42	40-44	41½-42½	40	40-42	41¾	40-44	40-44
40	40-44	40-42½	40	40	41¾	40-44	40-44
40	40-44	40-42½	40	40	41¾-40 <sup>5</sup>	40-44	40-44
	45.7	45.9	.	.	.	.	.
44.6	45.8	45.4	.	.	.	44.5	.
42.5	45.0	44.3	.	.	.	44.2	.
42.1	44.7	43.9	.	.	.	43.6	.
41.9	43.9	43.5	43.0	.	.	43.3	.
41.8	43.7	43.0	43.4	.	.	43.0	.

Sources:  
 . Data published by national trade union organizations.  
 1. 'Year-book of Social Statics — 1972'; 'General Statistics — Monthly Statistics', SOEC, Luxembourg.  
 2. (a) + (b): 'The regulations relating to hours of work in the Member States of the EEC', List 'Social Policy', No 14/1966; 'Comparative tables relating to hours of work in Community industries', Commission of the EC.  
 3. (c): 'Social Statistics' 4/1973, SOEC, Luxembourg.

	Year	Belgium	Germany	France
(d) Hours actually worked by wage earners in industry (incl. mining and construction) <sup>1</sup> September/October	1960	.	45.6	46.1
	1965	.	44.7	46.7
	1970	.	44.1	45.5
	1971	.	43.5	45.2
	1972	.	43.2	44.6
	1973	.	42.9	44.3
<b>4. Annual paid holidays (Predominant systems)</b>				
(a) Basic holidays for adults fixed by legislation expressed in days <sup>2</sup>	1960	12	12	18
	1965	18	15-18 <sup>3</sup>	18
	1970	18	15-18 <sup>3</sup>	24
	1971	18	15-18 <sup>3</sup>	24
	1974	18	15-18 <sup>3</sup>	24
(b) Basic holidays for adult wage earners in industry laid down in collective agreements expressed in days	1960	12	12-18	18
	1965	18	15-18	24
	1970	18	16*-24	24
	1971	18	16*-24	24
	1972	20	17*-24*	24
	1973	20-22	18*-24*	24
1974	21-23	20*-26*	24	
(c) Additional holiday allowances for adult wage earners in industry	1960	7½ Daily wages	—	—
	1965	2 Weekly wages	10-30% <sup>8</sup>	—
	1970	3 "	15-30% <sup>8</sup>	—
	1971	3 "	25-30% <sup>8</sup>	—
	1972	3 "	25-30% <sup>8</sup>	—
	1973	3 "	25-40% <sup>8</sup>	25-30% <sup>9</sup>
	1974	3 "	30-50% <sup>8</sup>	25-30% <sup>9</sup>

<sup>1</sup> As the definitions of the national statistics are different, the data cannot be compared from one country to an other; nevertheless they have been produced because they permit the development of the number of hours actually worked since 1960 to be followed. Included under this heading are:

Germany: Hours paid for;

France and the Netherlands: Hours actually worked by a wage earner present during the whole period of the pay period;

United Kingdom and Ireland: Hours actually worked by a wage earner present during all or part of the pay period.

The data for France and the United Kingdom include transport as well as some services; the data for Ireland deal only with the manufacturing industries.

<sup>2</sup> Working days, i.e. every day of the week except Sunday and public holidays falling during the week; here the data have been annotated \*, it is a question of days of work;

<sup>3</sup> From the age of 35 years;

<sup>4</sup> 8 days during the first 3 years of service, 12 days during the 4th and 5th year, 18 days beginning the 6th year of service with the same employer.

<sup>5</sup> Between the ages of 18 and 30 years — 18 days, from 30 to 38 years — 21 days, and from the age of 38 years — 24 working days.

<sup>6</sup> In part 3 to 4 weeks.

<sup>7</sup> From 1 July altogether 4 weeks, construction however 15 days.

<sup>8</sup> These additional allowances were paid in 1965 to about a quarter, in 1970 to approx. half and thereafter to 60 to over 80% of the workers.

<sup>9</sup> Some works agreements.

Italy	Luxembourg	Netherlands	United Kingdom	Ireland	Denmark	EUR-6	EUR-9
.	.	48.9	46.5	45.4	.	.	.
.	.	46.1	45.2	44.0	.	.	.
.	.	44.3	44.0	42.7	.	.	.
.	.	43.9	43.2	42.3	.	.	.
.	.	43.5	43.4	42.3	.	.	.
.	.	43.0	43.9	42.2	.	.	.
—	8-18 <sup>4</sup>	—	—	10 <sup>x</sup> -12 <sup>x</sup>	12	.	.
—	8-18 <sup>4</sup>	10 <sup>x</sup> -12 <sup>x</sup>	—	10 <sup>x</sup> -12 <sup>x</sup>	18	.	.
—	18-24 <sup>5</sup>	10 <sup>x</sup> -12 <sup>x</sup>	—	10 <sup>x</sup> -12 <sup>x</sup>	18	.	.
12	18-24 <sup>5</sup>	15 <sup>x</sup> -18 <sup>x</sup>	—	10 <sup>x</sup> -12 <sup>x</sup>	18	12-24	.
12	18-24 <sup>5</sup>	15 <sup>x</sup> -18 <sup>x</sup>	—	10 <sup>x</sup> -12 <sup>x</sup>	24	12-24	.
12	8-18	12 <sup>x</sup> -15 <sup>x</sup>	12	12	18	12-18	12-18
12	8-18	15 <sup>x</sup>	12-18	12	18	12-24	12-24
12-15	18-24	15 <sup>x</sup> -18 <sup>x</sup>	12-18	12-18	18	12-24	12-24
13-18	18-24	15 <sup>x</sup> -19 <sup>x</sup>	12-18	15 <sup>x</sup> -18	18	13-24	12-24
13-18	18-24	16 <sup>x</sup> -19 <sup>x</sup>	12-18	15 <sup>x</sup> -18	21	13-24	12-24
14-18 <sup>6</sup>	18-24	17 <sup>x</sup> -20 <sup>x</sup>	15-18	15 <sup>x</sup> -18	24	14-24	14-24
18-24 <sup>7</sup>	18-24	19 <sup>x</sup> -21 <sup>x</sup>	15-18	15 <sup>x</sup> -18	24	15 <sup>x</sup> -26	15-26
—	—	2 Weekly/ wages or 4% yearly/ wage	—	—	—	.	.
—	—	6% } Yearly	—	—	0.9%	.	.
—	—	6% } wage	—	—	0.9%	.	.
—	—	6½-8% "	—	—	2.0%	.	.
—	—	6½-8% "	—	—	0.9%	.	.
—	—	7-8% "	—	—	0.9%	.	.

## Sources

(b) 'Bulletin of Labour Statistics' International Labour Office, Geneva.

(a)-(c) 'The regulations fixed by legislation and laid down in collective agreements concerning paid holidays in the 6 States of the Community', List 'Social Policy', No 2/1962; 'The regulations concerning paid holidays in the countries of the EEC', List 'Social Policy', No 18/1967; 'Comparative tables relating to hours of work in Community industries', published by the Commission of the EC; Social Reports of the Commission.

	Year	Belgium	Germany	France
<b>5. Public holidays</b>				
(a) Public holidays paid for and not worked fixed by legislation	1960	10	10-13	1
	1965	10	10-13	1
	1970	10	10-13	1
	1974	10	10-13	1
(b) Public holidays paid for and not worked fixed by legislation and laid down in collective agreements	1960	10	10-13	4-7
	1965	10	10-13	6-10
	1970	10	10-13	8-10
	1974	10	10-13	8-10

**Sources:**

5. (a) + (b): 'The regulations fixed by legislation and laid down in collective agreements concerning paid holidays in the 6 States of the Community', List 'Social Policy', No 2/1962;  
 'The regulations concerning paid holidays in the countries of the EEC', List 'Social Policy' — No 18/1967;  
 'Comparative tables relating to hours of work in Community Industries', published by the Commission of the EC;  
 Social reports of the Commission.

The provisions found in *collective agreements* about the duration of annual holidays are multifarious; over and above the basic number of holidays additional days are granted to adult workers in several countries, these are not included as a rule in the following table, which deals with industrial wage earners only. Furthermore, attention is drawn to the fact that collective agreements often provide more favourable regulations for salaried employees than for workers.

- (d) In most countries the granting of *public holidays* paid for and not worked is fixed by legislation; in the Netherlands there exist only collective agreements, and in France these lay down a further number of paid public holidays in addition to 1 May, the only one fixed by legislation. Moreover in the event of public holidays in both Belgium and Luxembourg falling on a Sunday, and in recent years in Belgium more and more also on a normal weekly rest day (e.g. Saturday), a compensatory rest day is granted.

### Comments on industrial relations and working conditions

325. The *extent of trade union membership* is thoroughly diverse throughout the individual Member States. Relatively speaking the greatest numbers of workers organized in trade unions are to be seen in Belgium and above all in Denmark: in

Italy	Luxembourg	Netherlands	United Kingdom	Ireland	Denmark	EUR-6	EUR-9
16	10	—	6	6	9½	.	.
16	10	—	6	6	9½	.	.
16	10	—	6	6	9½	.	.
16	10	—	7	7	9½	.	.
17	10	7	6-7	6	9½	4-17	4-17
17	10	7	6-7	6	9½	6-17	6-17
17	10	7	6-7	6	9½	7-17	7-17
17-18	10	7	7-8	7-8	9½	7-18	7-18

Denmark the explanation lies mainly in the fact that the non-compulsory unemployment insurance—and, to a certain extent, the employment services—is in the hands of the unions; therefore the proportion of wage earners belonging to trade unions exceeds even 90%. The number of workers belonging to trade unions is relatively small especially in France.

Italy is the country in which the most extensive *strikes* (measured by the number of days lost by industrial disputes per 1 000 workers) take place; however the workers and their trade unions in the United Kingdom, France, Ireland and Belgium have also had recourse relatively often to the means of strikes; on the other hand Luxembourg, Germany, the Netherlands and—if you exclude the year 1973—also Denmark were spared extensively from industrial disputes.

With the exception of France, in 1960 the *legal number of hours of work per week*, where such legislation existed, was laid down at 48 hours. In the meantime the legislators in Belgium and Luxembourg have made adjustments corresponding to the improvement fixed by collective agreements and reduced the normal number of hours of work.

The aim of the *40 hour week* set out in the Social Action Programme for the end of 1975 has been almost already reached in the collective agreements of the Member States—at least in as far as it affects industrial wage earners: more than half of the

Member States have already reduced to 40 the number of hours of work per week for the majority of industrial workers at the end of 1974. However, this could not always be the case for those employed in agriculture and in parts of the services.

The number of *hours actually worked* per week has developed essentially in accordance with the collective agreements: it has been reduced to the greatest extent in those countries which have lowered most substantially the number of hours of work by collective agreements, namely the Netherlands and Italy; however, a continuous decrease of the average number of hours actually worked by industrial wage earners has been seen also in the other member countries including France, if slight short-term fluctuations are disregarded.

In the sphere of *annual holidays* legislation has followed very much more closely than in the case of the hours of work per week the development of the collective agreements: in all countries where there was legislation on this subject in 1960, the basic holiday entitlement has been increased from 1/2 to 1 week in Germany up to an additional two weeks in Denmark. Meanwhile Italy and the Netherlands have introduced for the first time general legislation in respect of annual holidays.

In the *collective agreements* settled for the industrial worker, the *basic holiday* entitlement has been extended during the last 15 years from between 2 and 3 weeks to between 3 and 4 weeks, and in some countries already all workers have 4 weeks—as has been stipulated in the Social Action Programme for the end of 1976. In addition to this basic holiday entitlement further *additional holidays* are added in some countries—as has been described earlier—on the grounds of age and/or the length of service of the worker in the concern, and above all in Germany, France, Italy, Luxembourg, the Netherlands and to a lesser degree in Ireland. In Germany the additional days, the entitlement of which is based on the age of the worker, are being included more and more in the basic holiday entitlement; a further improvement of the holiday regulations in some countries (above all in Germany) results in the calculation of the duration of holidays not being based any more on the 'working days' but more so on the 'days of work', i.e. in the case of a 5-day week Saturday, for example, is not counted as a day's holiday.

Collective agreements in respect of *additional holiday pay* are not customary in all countries; this type of benefit is most widespread in Belgium and the Netherlands, and to a lesser degree in Germany and Denmark. In France just recently some first agreements within enterprises on this subject have been concluded.

The regulations in respect of *public holidays* paid for and not worked are quite diverse from country to country; they have altered only slightly during the last 15 years, if one disregards that in France the number of public holidays paid for and not worked fixed by collective agreement has increased on average by 3-4 days and that in the United Kingdom and in Ireland one additional public holiday has been introduced by legislation in 1974.

## V — Incomes - labour costs

### Comments on methods

326. In order to be able to distinguish the overall situation with regard to incomes, some data of the national accounts have been presented in this section. These have been established according to the new 'European System of Integrated Economic Accounts' (ESA) for the first time in 1974—covering the period from 1960 to 1972.

The *gross national product at market prices* as a first global figure has nonetheless been taken from the former system of national accounts. Because of the lack of parity in purchasing powers, the GNP per inhabitant has been converted to a uniform currency by means of the official exchange rates. The continuous changes in the rates of exchange which have occurred over the previous years have significantly influenced, however, the development of the differences in income between the countries.

A new notion of the ESA is that of the *available net national income*: thereby it is understood what income is available to the economy for the final consumption and the net saving. In order to calculate *the corrected wage quota*, the compensation of employees per wage and salary earner has been related to the available net national income per person employed. If this quotient increases it can be supposed that the average compensation of employees has risen quicker than those of the earners of other incomes and vice-versa.

Finally it may be noted that the *compensation of employees* includes the gross wages and salaries before deduction of taxes and contributions to social security systems by the workers, inclusive of those parts of the contributions payable by the employer for social security.

Since 1964 there exists at Community level a harmonized statistic of *gross hourly earnings of the manual workers* in industry (including mining and construction). These gross earnings cover remuneration in cash paid directly and regularly by the employer at the time of each wage payment before tax deductions and social security contributions which are payable by the wage-earners. The results of these statistics were taken as a basis for the table. For the year 1960 and for the new member countries it was necessary to fall back on the national wage statistics.

The data on *labour costs* are derived from the Community inquiries on labour costs, which have been carried out since 1966 at three year intervals covering the whole of industry. At present only an up-dating of the 1969 results is available for 1972. Labour costs comprise of paid direct payments for hours worked, bonuses and gratuities paid regularly or not each pay-day, payments for days not worked, the

	Year	Belgium	Germany	France
1. (a) <i>Gross national product</i> per head in EUR	1960	1 253	1 298	1 337
	1965	1 797	1 964	2 035
	1970	2 692	3 089	2 866
	1971	2 936	3 401	3 157
	1972	3 350	3 868	3 504
	1973	.	4 510	3 949
(b) <i>Gross domestic product</i> per head at constant prices; average annual increase as %	1960/65	4.3	3.9	4.6
	1965/70	4.4	3.8	4.4
	1970/71	3.0	2.9	4.5
	1971/72	4.7	3.0	4.4
2. <i>Average compensation of wage and salary earners</i> (Annual average in national currency)				
	(a) as % of the available net national income per employed person (rectified wage quota)			
(a) as % of the available net national income per employed person (rectified wage quota)	1960	68.0	68.0	71.5
	1965	68.3	70.2	71.2
	1970	68.8	71.1	71.8
	1971	70.9	72.9	71.7
	1972	72.2	73.2	71.6
	1973	.	.	.
(b) Increase in nominal terms; 1960 = 100	1965	144	150	160
	1970	212	226	249
	1971	236	255	274
	1972	268	279	303
	1973	.	315	.
(c) Increase in real terms; 1960 = 100	1965	127	131	133
	1970	157	173	168
	1971	168	185	175
	1972	181	192	182
	1973	.	202	.

*Sources of the basic data:*

1. + 2.: 'National accounts, 1951-1972'

'National accounts, year-book 1974' SOEC, Luxembourg.



Italy	Luxembourg	Netherlands	United Kingdom	Ireland	Denmark	EUR-6	EUR-9
696	1 568	979	1 374	651	1 300	1 110	1 168
1 133	1 989	1 559	1 855	973	2 135	1 709	1 741
1 737	3 004	2 475	2 202	1 358	3 186	2 580	2 494
1 870	3 125	2 759	2 444	1 523	3 474	2 830	2 743
2 005	3 431	3 193	2 673	1 777	3 884	3 165	3 055
2 325	.	.	.	.	.	.	.
4.5	2.1	3.6	2.5	3.4	3.7	.	.
5.3	3.2	4.5	1.7	4.2	4.4	.	.
0.9	-0.6	2.6	2.1	2.9	3.4	.	.
2.6	3.1	3.3	1.9	2.7	4.2	.	.
75.5	72.8	65.7	69.7	76.0	66.4	71.4	71.2
76.1	82.9	71.1	70.0	77.1	70.1	72.2	71.5
75.4	78.7	73.8	71.5	77.8	71.7	72.9	72.0
79.2	85.9	74.9	71.2	78.6	75.0	74.4	73.2
79.3	86.7	73.6	72.6	77.3	73.2	74.6	73.6
.	.	.	.	.	.	.	.
178	141	163	134	149	165	.	.
282	193	274	197	253	265	.	.
323	210	310	221	290	303	.	.
358	228	350	248	340	335	.	.
.	.	.	.	.	.	.	.
140	127	133	113	121	128	.	.
192	150	176	132	159	149	.	.
209	156	185	136	167	161	.	.
219	161	194	142	180	167	.	.
.	.	.	.	.	.	.	.

	Year	Belgium	Germany	France
<b>3. Average gross hourly earnings of workers in industry (including mining and construction)<sup>1</sup> — October<sup>2</sup></b>				
(a) Development in nominal terms — October 1960 = 100	1965	145	155	145
	1970	218	226	227
	1971	245	247	255
	1972	283	269	290
	1973	325	298	331
	— Average annual increase rate as %			
	1960/65	7.8	9.1	7.7
	1965/70	8.4	7.8	9.4
	1970/71	12.5	9.3	12.0
	1971/72	15.2	8.9	13.6
1972/73	14.8	10.9	14.4	
(b) Development in real terms — October 1960 = 100	1965	127	135	121
	1970	161	173	152
	1971	172	179	161
	1972	187	183	172
	1973	202	191	182
	— Average annual increase rate as %			
	1960/65	4.9	6.2	3.9
	1965/70	4.9	5.0	4.8
	1970/71	6.9	3.2	5.9
	1971/72	9.0	2.7	6.6
1972/73	7.5	4.0	5.9	
<b>4. Labour costs in industry (including mining and construction)</b>				
(a) of manual workers per hour worked — country with the highest level = 100	1966	87	92	78
	1969	91	94	80
	1972	92	100	68
(b) of manual and office workers per hour — country with the highest level = 100	1966	86	91	87
	1969	94	97	90
	1972	91	100	75

<sup>1</sup> United Kingdom: excluding coalmining, including some transport and services sectors; only adult workers; Ireland: manufacturing industries only;

Denmark: manufacturing industries, construction, services.

<sup>2</sup> France and Ireland: September; Denmark: third quarter.

Italy	Luxembourg	Netherlands	United Kingdom	Ireland	Denmark	EUR-6	EUR-9
			men/ women				
173	143	171	138/135	146	165	.	.
270	203	273	203/201	254	280	.	.
310	217	315	228/229	294	325	.	.
348	239	351	263/263	335	360	.	.
430	273	403	287/299	411	422	.	.
11.6	7.5	11.2	6.6/ 6.2	7.9	10.5	.	.
9.4	7.2	9.9	8.0/ 8.3	11.6	11.2	.	.
14.7	7.1	15.4	12.7/13.6	15.8	16.1	.	.
12.3	10.0	11.5	15.0/15.2	13.8	10.6	.	.
23.5	14.2	14.8	9.2/13.5	22.9	17.2	.	.
136	128	140	115/113	118	126	.	.
183	156	173	134/133	157	154	.	.
200	159	185	138/138	167	170	.	.
210	165	191	148/148	175	176	.	.
.	179	203	147/153	193	189	.	.
6.4	5.3	7.0	2.9/ 2.5	3.4	4.7	.	.
6.1	4.0	4.3	3.1/ 3.3	5.9	4.1	.	.
9.3	1.9	6.6	2.9/ 3.8	6.4	10.3	.	.
5.0	4.0	3.2	6.8/ 6.9	4.5	3.9	.	.
11.3	8.3	4.6	-0.7/ 3.3	10.4	6.9	.	.
72	100	85	.	.	.	.	.
75	100	92	. +	.	.	.	.
76	92	.	.	.	.	.	.
75	100	88	.	.	.	.	.
79	100	98	.	.	.	.	.
78	94	99	.	.	.	.	.

## Sources of the basic data:

3. 'Social Statistics', SOEC, Luxembourg;  
 'Bulletin of Labour Statistics', ILO, Geneva.  
 4. 'Social Statistics', SOEC, Luxembourg.

employer's part of social security contributions, family allowances, advantages in kind, other expenditures of a social character and social taxes.

### Comments on incomes and labour costs

327. There exists, as ever, great differences in the level of the *gross national product* per head between the member countries. These reflect also in part the variations of the activity rates from country to country (see Section III). Finally it is necessary to refer to the influence of the changes in the rates of exchange, which have already been mentioned above.

With the exception of Luxembourg and the United Kingdom, the annual average real growth rate of the *gross domestic product per inhabitant* decreased in the 1960s almost uniformly between  $3\frac{1}{2}$  and  $4\frac{1}{2}$ %, and in Italy even  $4\frac{1}{2}$  to  $5\frac{1}{2}$ %. In a number of countries (Italy, Luxembourg, Germany, Ireland and the Netherlands) there was a noticeable drop in the growth rate at the beginning of the 1970s.

In all countries (with the exception of France) the average *compensation of employees* has increased more strongly than the other types of income since 1960; this is especially true in the case of Luxembourg, the Netherlands and Denmark. In some Member States the real value of the average compensation of employees has almost doubled between 1960 and 1973, particularly in Germany, Italy and the Netherlands. On the other hand, the growth in the United Kingdom was relatively small (less than 50%).

The increase of the *gross hourly earnings of the workers* in industry shows essentially a similar tendency. The figures in the tables show further how the tempo of the increase in respect of nominal wages—and partly also in respect of real wages—has accelerated in recent years.

Although it appeared in 1969 that an approximation in the average *labour costs* per hour worked by industrial workers had been achieved, the changes in the rates of exchange between 1969 and 1972 caused anew great differences between the countries (especially Germany and France).

## VI — Standard of living

328. In order to identify the standard of living *two series of data* have been used in the table below: such as those dealing with the amounts of some foodstuffs consumed per head per year and those for durable consumer-goods with which the population is supplied. The provision of housing as well as the equipping of dwellings forms from now on the substance of a special table (see Section VII).

Official inquiries on consumption in private households are carried out at longer time intervals only; for the intervening years up-dating takes place with the help of existing statistics. The data shown below on the *consumption of some foodstuffs* in kg per head of population illustrate for the financial years 1961/62 and 1971/72 the change in consumer habits during this 10 year period: whilst the consumption of certain basic foodstuffs, especially cereals and potatoes, in most countries has fallen to a great extent, the consumption of meat has increased considerably in all countries (with the exception of Denmark), often about 40% or more; in Italy it has almost even doubled. The consumption of fats and oils has increased noticeably in most countries, whilst, on the contrary, that of milk was mostly in decline.

Three time series are available in respect of *the supply* of the population with *durable consumer-goods*: for the number of motor-cars, the registered number of television sets (or estimates of the number of sets in use) as well as the number of installed telephones. A decade ago it was still usual to detail as an indication the number of radios which were registered or were in use. Due to the rapid technical development in this field, the latter are considered, however, less and less as indications of the standard of living. Instead of which the question may be raised of whether or not data for the supply of households with certain long-term household-machines should be adapted as indicators for the standard of living, such as those which are not in general use (refrigerators, automatic washing and ironing machines, dish-washing machines etc.).

In fact the following figures show that in the course of time a certain approximation in the supply of the population of the individual Member States with durable consumer-goods is to be seen, even although certain differences still exist between the states with greater economic development and higher incomes and those countries where economic conditions are not so favourable.

	Year	Belgium	Germany	France
<b>1. Amounts of some foodstuffs consumed annually in kg per head</b>	<b>1961/62</b>	<sup>1</sup>		
Cereals		89	77	97
Rice		1.4	2.2	1.7
Potatoes		.	132	104
Sugar		33	30	32
Vegetables		.	.	.
Meat		60.7	63.1	75.2
Eggs		12.0	13.5	11.2
Oils and fats		21.6	18.4	14.4
Butter		7.2	7.3	6.4
Milk (litres)		105	86	98
	<b>1971/72</b>	<sup>1</sup>		
Cereals		77	65	74
Rice		0.9	1.5	2.5
Potatoes		113	102	96
Sugar		36	34	37
Vegetables		93	63	122
Meat		84.6	86.9	95.6
Eggs		12.6	16.8	12.6
Oils and fats		25.3	19.7	19.2
Butter		6.7	6.2	7.2
Milk (litres)		75	73	70
<b>2. (a) Private cars per 1000 inhabitants at the end of the year</b>	1960	86	78	121
	1965	145	160	184
	1970	213	222	251
	1972	235	264	268
<b>(b) Television sets per 1000 inhabitants at the end of the year</b>	1960	67	83	41
	1965	162	193	133
	1970	216	275	216
	1971	227	299	226
<b>(c) Installed telephones per 1000 inhabitants at the end of the year</b>	1960	124	107	95
	1965	164	150	125
	1970	211	228	173
	1971	224	249	185

<sup>1</sup> Figures for Belgium include Luxembourg.

Italy	Luxembourg	Netherlands	United Kingdom	Ireland	Denmark	EUR-6	EUR-9
130	1	80	80	109	73	98	.
4.9	.	2.5	1.0	0.7	1.3	2.8	.
54	.	96	97	140	110	.	.
23	.	43	51	49	48	30	.
.	.	.	.	64	69	.	.
30.4	.	46.2	70.9	64.8	68.6	55.5	.
9.4	.	12.3	14.5	16.5	11.0	11.8	.
15.5	.	25.0	15.4	6.5	18.8	17.1	.
1.4	.	4.3	7.7	16.1	8.8	5.1	.
65	.	123	149	254	123	87	.
131	1	63	80	88	65	87	85
3.1	.	2.5	2.2	1.2	1.7	2.2	2.2
39	.	85	96	119	75	82	85
28	.	46	45	52	48	34	37
159	.	75	52	62	49	109	95
59.3	.	67.2	77.8	85.9	63.1	79.9	79.2
10.7	.	11.1	16.0	13.5	10.9	13.3	13.9
23.3	.	30.2	15.9	7.6	22.4	21.6	20.2
1.6	.	1.7	6.3	10.6	7.1	4.9	5.3
71	.	103	140	212	82	74	91
40	118	47	108	60	88	77	84
106	187	113	167	98	156	147	151
190	269	191	215	134	218	217	218
228	319	232	234	146	240	251	246
42	23	69	210	.	118	58	.
116	93	171	248	105	227	152	174
181	209	237	294	152	266	227	242
191	227	244	298	166	283	232	247
77	162	140	92	57	174	98	98
115	240	190	193	77	285	137	152
175	327	262	270	104	345	200	217
188	346	280	289	109	356	216	234

## Sources:

1. + 2. 'Basic Statistics of the Community', SOEC, Luxembourg.

## VII — Housing

### Comments on methods

329. The data for the number of *existing* and *newly built dwellings* have been taken essentially from the works of the Economic Commission for Europe of the United Nations in Geneva. On the other hand the figures for the dwelling conditions (proportion of owner-occupied dwellings—number of dwellings built before 1945—number of dwellings with a bathroom) stem from the dwelling or population censuses which took place at greater time intervals or from special inquiries of the individual Member States. A complete comparability of these data at international level is not guaranteed.

It is even more so for the development of *rents* and above all for *building costs of dwellings*: Not all types of rented dwellings or dwelling houses are taken into consideration. The rent index in Belgium, for instance, refers only to dwellings built with financial support of the State Building Society. In the index of building costs of dwellings all types of dwellings are included in some countries (such as in Germany and France), in others only certain dwellings (in Italy eight storey apartment blocks, in the Netherlands dwellings constructed in the traditional style within the framework of the financing laws on dwellings, and in Belgium subsidized single family dwellings built with traditional materials); in addition, the actual building costs only are included in some cases (in Italy even only certain elements of the building costs, such as labour and basic building materials), whilst in other cases incidental expenditures, such as architects' fees and land preparation costs (as in Germany) are also taken into account.

### Comments on Housing

330. At the end of 1960 there were 30 dwellings for every 100 inhabitants of the Community; at the end of 1970 the number was 35. Belgium and France showed higher figures on both occasions, and also the United Kingdom in 1960 and Denmark in 1970. In addition to Germany and the Netherlands, Denmark recorded the greatest activity in the building industry in the 1960s and even at the beginning of the 1970s; due to the relatively high number of *newly built dwellings* during the last 15 years the Netherlands have revealed in part to the other countries what the number of existing dwellings per 1000 inhabitants is.

The available results of the housing and population censuses of the period around 1970 show that the ratio of newer dwellings has strongly increased (especially so in



the Netherlands), further more there is a growing proportion of owner-occupied dwellings, and above all that the *equipping of dwellings* with bathrooms has been considerably improved.

In the period between 1960 and 1973 the *rents* have risen quicker than the building costs in some countries, whilst on the other hand the *building costs* have done so in others. From the available figures it can be determined that in the last 15 years the increase of the building costs as well as of the rents have remained behind the general increase in the remuneration of the wage- and salary earners (cf Table V, Figures 2 and 3), but was higher than that of the general consumer price index.

	Year	Belgium	Germany	France
<b>1. Existing dwellings</b>				
(a) at the end of the year per 1000 inhabitants	1960	344	289	349
	1970	371	341	378
(b) proportion (%) of owner occupied dwellings	about 1960	50	35	42
	about 1970	55	34	43
(c) proportion(%) of dwellings built before 1945	about 1960	75	54	83
	about 1970	.	49	71
(d) proportion(%) of dwellings with a bathroom	about 1960	24	49	25
	about 1970	49	68	41
<b>2. Completed dwellings per 1000 inhabitants</b>				
	1960	5.1	9.4	6.9
	1965	6.9	9.2	8.4
	1970	4.6 <sup>1</sup>	7.9	9.0
	1971	4.4 <sup>1</sup>	9.1	9.3
	1972	5.5 <sup>1</sup>	10.7	10.9
	1973	6.1	11.5	9.9
<b>3. Rents</b>				
(a) Rent index — 1960 = 100	1965	123 <sup>2</sup>	133	158
	1970	160 <sup>2</sup>	188	241
	1971	.	199	255
	1972	.	209	269
	1973	.	.	.
(b) Average annual increase as %	1960/65	4.2 <sup>2</sup>	5.9	9.6
	1965/70	5.4 <sup>2</sup>	7.2	8.8
	1971	.	5.9	5.8
	1972	.	5.0	5.5
	1973	.	.	.
<b>4. Building costs of dwellings<sup>3</sup></b>				
(a) Index 1960 = 100	1965	139	130	132
	1970	196	165	157
	1971	212	183	166
	1972	228	195	176
	1973	270	210	190
(b) Average annual increase as %	1960/65	6.8	5.3	5.8
	1965/70	6.6	4.9	3.4
	1971	8.3	11.1	6.1
	1972	7.3	6.8	5.8
	1973	18.6	7.4	8.2

<sup>1</sup> Buildings already started.<sup>2</sup> The index figures refer only to dwellings built by intervention by the National Building Society.<sup>3</sup> See comment on methods.<sup>4</sup> Incl. imputed rent for owner occupiers and costs of materials for home repairs and decoration.

Italy	Luxembourg	Netherlands	United Kingdom	Ireland	Denmark	EUR-6	EUR-9
275	300	248	315	251	315	301	304
320	315	289	344	244	370	348	346
46	55	29	43	64	47	.	.
53	.	36	51	69	47	.	.
.	75	80	76	80	76	.	.
.	.	45	61	.	63	.	.
29	46	27	77	33	48	.	.
.	.	81	87	56	63	.	.
5.8	4.2	7.3	5.8	2.1	5.9	7.3	6.9
7.2	7.2	9.4	7.2	4.1	8.5	8.3	8.0
7.0	5.1	9.0	6.5	4.6	10.3	7.8	7.6
6.7	5.6	10.4	6.6	5.0	10.1	8.3	7.9
4.8	6.5	11.4	5.9	6.9	10.0	8.8	8.2
3.3	6.4	11.6	5.2	7.8	11.0	8.5	7.8
147	.	123	121 <sup>4</sup>	126	.	.	.
178	.	167	158 <sup>4</sup>	183	.	.	.
182	.	180	173 <sup>4</sup>	202	.	.	.
186	.	196	191 <sup>4</sup>	226	.	.	.
.	.	.	213 <sup>4</sup>	239	.	.	.
8.0	.	4.1	3.8 <sup>4</sup>	4.7	.	.	.
3.9	.	6.4	6.7 <sup>4</sup>	7.7	.	.	.
1.8	.	8.1	9.2 <sup>4</sup>	10.5	.	.	.
2.2	.	8.5	10.5 <sup>4</sup>	11.9	.	.	.
.	.	.	11.7 <sup>4</sup>	5.7	.	.	.
163	.	136	117	123	138	.	.
225	.	191	145	171	204	.	.
249	.	217	157	189	216	.	.
262	.	236	177	208	230	.	.
320	.	262	217	236	260	.	.
10.2	.	6.4	3.3	4.1	6½	.	.
6.7	.	7.0	4.3	6.8	8	.	.
10.6	12.8	13.5	8.0	10.5	6	.	.
5.1	6.0	8.7	13.0	10.3	6½	.	.
22.0	8.9	11.0	23.0	13.5	13	.	.

## Sources:

1. (a)-(d) 'Year-book of Social Statistics — 1972', SOEC, Luxembourg;  
 2. 'Year-book of Social Statistics' and Social Reports of the Commission;  
 3. + 4. Statistical Office of the European Communities.

## VIII — Health

### Comments on methods

331. In this section two indicators are reproduced to illustrate *health*: the life expectancy of the population at birth and at certain ages (20, 40 and 60 years) as well as infant mortality, i.e. the number of children who die during the first year of life per 1 000 live births. These data are collected and published regularly at national level and make, moreover, a sufficiently good basis for international comparison. Because of the lack of comparability, no national data on the frequency of illness of the population or specific groups of the population (compulsory insured members of the sickness insurance scheme provided for by law, for instance) are shown. The current national legislation affects these data to a considerable extent (e.g. the variance in the length of waiting period before payment by the insurance scheme, or eventually the obligation of the employers to maintain payment of wages and salaries in the case of sickness of the workers, etc.).

For *health care* the data on the relative number of doctors, pharmacists and hospital beds are produced. Here it is a question of simply gathering the data of the individual states without being able to state, to which degree the field of the inquiry and the definitions in the individual countries are only roughly comparable. Therefore a certain caution is required in the interpretation of these data.

### Remarks on health and health care

332. In 1960 as well as in 1970 *life expectancy* was quite generally highest in the Netherlands followed by Denmark; for women this was the case also in the United Kingdom and France. The comparison between the two time periods is interesting: whilst women had noticeably a longer life expectancy in 1970 without almost exception in all age groups, this was so for males only in the case of the newly born; the men in the age groups 20, 40 and 60 years had consistently a shorter life expectancy than 10 years earlier.

The fact that there has been an increase in the life expectancy of males at birth as opposed to at a later age between 1960 and 1970 may be attributable in the first instance to the strong decrease in *infant mortality* in all member countries (on average for all the 9 states 31 deaths of children under 1 year of age per 1 000 live births in 1960 to 22 in 1970 and further to less than 20 in 1973). The *neo-natal mortality* (i.e.

the number of deaths of children in the first 28 days after birth) which is not shown in the attached table has also similarly developed favourably<sup>1</sup>.

As far as *health care* of the population is concerned, the majority of Member States have determined a notable increase in the number of doctors, whilst the number of available hospital beds per 10 000 inhabitants has not shown such a large improvement. Finally considerable differences exist in the number of pharmacists per 100 000 inhabitants: over 70 in Belgium as compared with only 8 in the Netherlands.

<sup>1</sup> 'Year-book of Social Statistics - 1972': Statistical Office of the European Communities, p. 60.

	Year	Belgium	Germany	France
<b>1. Life expectancy at some ages in years</b>	<i>about 1960</i>	<i>1959/63</i>	<i>1959/60</i>	<i>1960</i>
<i>Men</i>				
0 years		67.7	66.7	67.2
20 years		50.3	50.4	49.9
40 years		31.7	32.0	31.4
60 years		15.5	15.5	15.6
<i>Women</i>				
0 years		73.5	71.9	73.8
20 years		55.5	54.9	55.9
40 years		36.3	35.8	36.9
60 years		18.7	18.2	19.5
<i>Men</i>	<i>about 1970</i>	<i>1968/72</i>	<i>1970/72</i>	<i>1969</i>
0 years		67.8	67.4	67.6
20 years		50.3	50.2	49.8
40 years		31.6	31.8	31.4
60 years		15.2	15.3	15.5
<i>Women</i>				
0 years		74.2	73.8	73.3
20 years		55.1	56.0	57.0
40 years		36.9	36.8	37.8
60 years		19.2	19.1	20.3
<b>2. Infant mortality</b>	1960	31.2	33.8	27.4
(Number of deaths under the age of 1 year per 1 000 live births)	1965	23.7	23.8	21.9
	1970	20.5	23.4	18.2
	1971	19.8	23.1	17.2
	1972	18.2	22.4	16.0
	1973	17.0	22.7	15.4
<b>3. Health care</b>				
(a) <i>Doctors</i> per 100 000 inhabitants at the end of the year	1960	128	134	105
	1965	145	146	120
	1970	161	173	134
	1971	.	178	.
(b) <i>Pharmacists</i> per 100 000 inhabitants at the end of the year	1960	59	29	42
	1970	71	37	63
	1971	.	37	.
(c) <i>Hospital beds</i> <sup>5</sup> per 100 000 inhabitants at the end of the year	1960	86	.	97
	1970	83	112	.
	1971	.	113	94

1 England and Wales.

2 1969.

3 1966.

4 1968.

5 Including clinics, psychiatric hospitals, sanatoriums, nursing homes and old persons' homes.

Italy	Luxembourg	Netherlands	United Kingdom	Ireland	Denmark	EUR-6	EUR-9
<i>1960/62</i>		<i>1956/60</i>	<i>1960/62<sup>1</sup></i>	<i>1960/62</i>	<i>1956/60</i>	.	.
67.2	.	71.4	68.1	68.1	70.4	.	.
51.7	.	53.7	50.4	51.1	53.1	.	.
33.1	.	34.7	31.6	32.4	34.3	.	.
16.2	.	17.7	15.1	15.8	17.3	.	.
72.3	.	74.8	74.0	71.9	73.8	.	.
56.1	.	56.7	56.0	54.3	55.8	.	.
37.0	.	38.3	36.7	35.3	36.6	.	.
19.3	.	19.5	19.1	18.1	19.0	.	.
<i>1964/67</i>		<i>1971</i>	<i>1968/70</i>	<i>1965/67</i>	<i>1969/70</i>	.	.
67.9	.	71.0	68.5	68.6	70.8	.	.
51.6	.	52.9	50.6	51.2	52.8	.	.
32.8	.	33.9	31.6	32.2	33.9	.	.
16.4	.	17.0	15.0	15.6	17.1	.	.
73.4	.	76.4	74.7	72.9	75.7	.	.
56.5	.	57.9	56.4	54.9	57.2	.	.
37.2	.	38.5	37.0	35.7	37.9	.	.
19.5	.	20.5	19.6	18.4	20.4	.	.
43.9	31.5	16.5	22.4	29.3	21.5	33.6	30.8
36.0	24.0	14.4	19.6	25.3	18.7	26.3	24.6
29.2	25.0	12.8	18.5	19.2	14.2	22.7	22.0
28.3	22.5	12.1	17.8	18.0	13.5	21.9	20.8
27.0	14.0	11.7	17.6	17.7	12.2	20.8	19.9
25.7	15.3	11.5	17.2	17.8	.	20.3	.
161	102	122	107	105	127	133	.
170	102	128	115 <sup>3</sup>	104 <sup>3</sup>	135	144	.
182 <sup>2</sup>	107	.	130	103	146 <sup>4</sup>	(162)	.
.	108	123	129	.	152	.	.
61	54	7	40	59	30	42	.
66	49	8	31	57	40	52	47
.	49	8	31	57	.	.	.
.	118	.	107	148	96	.	.
105 <sup>2</sup>	.	55	96	126	83	.	.
.	124	.	94	114	83	.	.

## Sources:

1. + 2.: 'Year-book of Social Statistics — 1972', SOEC, Luxembourg.  
 3. (a)-(c): 'Basic Statistics of the Community', SOEC, Luxembourg.

## IX — Social protection

### Comments on methods

333. The data for *insured persons* or *persons entitled to benefits* stems, as far as it concerns the base year 1960, essentially from the 1961 'Year-book for labour statistics' of the International Labour Office in Geneva. These data did not appear again in the year-book of the ILO in the ensuing years. The figures for 1965 and 1970 have therefore been taken from statistical publications of the individual states and from the study 'The financial development of social security in the Member States of the Community, 1965-1970-1975' published by the Commission in November 1971.

In many cases the statistical data for people protected against the individual risks are based on estimates. This applies particularly to members of the family who are covered by the sickness insurance schemes; non-active persons, who on the basis of certain criteria or activities are covered (at least occasionally) by the legal employment injuries schemes; persons, who voluntarily continue an invalidity or old-age insurance after having ceased an activity covered by the scheme; or persons who already are entitled to benefits and who therefore no longer have to pay contributions, etc...

The Statistical Office of the European Communities is at present endeavouring to carry out a study of the number of persons who are protected against the individual risks; thereby further data ought to become available about the recipients of benefits (those receiving sickness benefit; unemployment benefit; invalidity, old-age, and survivors' pensions etc.).

### Comments on the dimension of social protection

334. Although the figures of the International Labour Office for 1960 may not be always comparable to those produced by the Commission and from national publications for 1965 and 1970, they confirm, however, clearly the known tendency, whereby an ever increasing circle of the population is included in social protection.

90% to 100% (in the case of the National Health Service in the United Kingdom) of the population of the individual member countries are entitled to *payments in kind for medical care*—disregarding payments for smaller sickness risks in the Netherlands. It is true, however, that nothing is said about the degree to which the claim extends completely free treatment by doctors, dentists and in hospitals as well as free supply of medicines, or to what extent the insured persons themselves must make



a financial contribution. Information on this subject is given in the 'Comparative Tables of the Social Security Systems in the Member States of the European Communities'—prepared by the Commission—which were last published for 1972 and whose publication for 1974 is in preparation.

In the *statutory employment insurance schemes* 2/3 to 100% of the labour force may be insured depending on the country concerned; these considerable differences are explained by the fact that in Italy, for example, essentially manual wage-earners and in agriculture only salaried employees and the self-employed also are covered, whilst in some countries more or less all dependent wage and salary earners are protected and in others the coverage is extended to include the self-employed and even certain categories of non-actives (such as, for example, persons who occasionally perform voluntary assistance).

Not all dependent wage and salary earners are covered by unemployment insurance; excluded therefrom are in general state officials and certain employee—or salary earning groups, who no longer require to have compulsory insurance because their salary exceeds a specified limit or for other reasons; in Luxembourg this also applies to agricultural workers. The proportion of insured persons to the total number of the civilian labour force thus fluctuated mostly between 70% and 90%. Denmark presents an exception where the unemployment insurance is controlled by the trade unions, consequently only workers who are trade union members are insured.

The effort to include if possible all active persons into the *old age, invalidity and survivors' pension schemes* is specially emphasized. This applies particularly to the founder states of the European Communities, whilst the degree of coverage in Ireland has been developed relatively speaking least of all and has scarcely improved between 1960 and 1970.

The comparability of the data for *family allowances* has been impeded in that child allowances payable to public employees and civil servants have not been included in several cases. Furthermore, it is noted that the age to which child allowance is payable in normal circumstances is still completely varied (from 16 years in the UK, where it was 15 years up until 1972, to 18 years in most countries, and in Luxembourg 19 years). The greatest differences in the numbers of children for which child allowance is paid arise however from the fact that in most countries a payment from the first child was made: (in France only in the case where there is a single income-earner in the family); in the United Kingdom and in Germany—and here only when a specific income limit has not been exceeded—it has been payable up until now from the second child only.

	Year	Belgium	Germany	France
<b>1. Sickness insurance</b>				
Persons entitled to medical care as % of the population	1960	73	85	66
	1965	91	87	88
	1970	99	90	98
<b>2. Employment injuries scheme</b>				
Persons insured as % of civilian labour force	1960	61 <sup>4</sup>	100	.
	1970	80	100	95
<b>3. Unemployment insurance</b>				
Persons insured as % of civilian wage and salary earners	1960	79 <sup>4</sup>	77	.
	1970	81	86	72
<b>4. Old-age, invalidity and survivors' pension scheme</b>				
Pensions insured as % of civilian labour force	1960	61 <sup>4</sup>	88	92
	1970	100	88	100
<b>5. Family allowances</b>				
Children entitled to claim as % of the population between 0 and 19 years of age	1960	71 <sup>5</sup>	13 <sup>6</sup>	80
	1965	74 <sup>5</sup>	28 <sup>6</sup>	81
	1970	83 <sup>5</sup>	29 <sup>6</sup>	84

<sup>1</sup> Free medical treatment of all kinds, including clinical and surgical treatment.

<sup>2</sup> Only free hospital care, treatment by surgeons and specialists, maternity and child care.

<sup>3</sup> 1961.

<sup>4</sup> 1959.

<sup>5</sup> Excluding family allowances paid to public employees.

<sup>6</sup> Excluding family allowances paid to public employees in Belgium, Germany and Italy.

<sup>7</sup> 100% in the case of serious illnesses.

Italy	Luxembourg	Netherlands	United Kingdom	Ireland	Denmark	EUR-6	EUR-9
78	83	76	100	} 30 <sup>1</sup> 90 <sup>2</sup>	90 <sup>3</sup>	.	.
85	98	76	100		94	.	.
91	99	76 <sup>7</sup>	100		100	.	.
<u>73<sup>4</sup></u> 66	.	68	92	60	100	.	.
	92	73	94	70	100	.	.
<u>60</u> 72	.	.	87	90	46	.	.
	.	86	82	93	44	.	.
<u>78<sup>4</sup></u> 98	<u>89<sup>4</sup></u> 100	<u>100</u> 100	88 83	64 65	100 100	.	.
43 <sup>5</sup>	97	50	37	83	96	42 <sup>6</sup>	.
45 <sup>5</sup>	100	82	39	81	94	54 <sup>6</sup>	.
57 <sup>5</sup>	100	90	42	83	95	60 <sup>6</sup>	.

## Sources of the basic data:

'Year-book of Labour Statistics 1961', ILO, Geneva.

'Indicators of Social Security', Commission of the EC, Brussels 1971.

'Report on the Development of the Social Situation in the Community in 1971', Commission of the EC.

'The financial development of Social security in the Member States of the Community, 1965-1970-1975', Brussels, November 1971.

## X — Social accounts

### Comments on methods

335. This table has been produced on the basis of the results of the 'social accounts' revised for the years 1970 to 1972 and drawn up in accordance with uniform methods and definitions. As far as the data for 1965 are concerned, they have been taken from the publication 'Social accounts 1962-1971, provisional results' of the Statistical Office of the European Communities.

The 'social accounts', whose *scope* goes somewhat further than the classical system of social security as laid down in Convention 102 of the International Labour Organization, determine as social expenditures every payment covering the burdens of private households, which arise from the appearance or presence of certain risks or requirements, so long as this expenditure is a result of intervention by a third party i.e. of a unit other than the private household—administration or enterprise (public or private)—and as long as no equivalent return of the assisted person is under consideration.<sup>1</sup> Provisionally the list of 'risks' covers: sickness—old age, death, survivors—invalidity—physical and psychical infirmity—employment injuries and occupational diseases—unemployment—family charges—personal charges caused by political events and natural catastrophes. It is intended to include shortly the 'vocational training of adults' and 'housing'.

Included in the social accounts are not only the *expenditures* of the actual social insurance or social security (general and special systems, statutory systems for members of the civil service, certain complementary, supplementary and voluntary systems), but also voluntary contributions made by employers in favour of their workers and their families, the payments mentioned above for victims of political events and natural catastrophes as well as, finally, also other social assistance and services in the framework of public and private systems.

### Comments on the results of the social accounts

336. In the past the *total expenditures for social purposes*, as far as they have been covered up until now by the social accounts, have increased regularly in all countries more strongly than the disposable net national income. This tendency will also, as is to be seen from the first European Social Budget (1970-1975) presented by the Commission, continue at least until the mid-1970s, whereby the relative growth will be strongest again, just as it was in the period from 1965-1972, in the Netherlands.

<sup>1</sup> 'Social accounts 1962-1970', 'Social Statistics 2-1972' SOEC, Annex I.

The division of the social benefits according to *functions* (expressed as a % of the disposable net national income) reflects the preferences of the individual Member States in the policy of social security in the past and at present. For sickness and old age (including survivors' pensions) the highest expenditure, comparatively speaking takes effect in Germany (and in Luxembourg as far as old age and survivors' pensions are concerned). On the other hand family allowances in Germany and the United Kingdom remain until now considerably behind those paid in France, Belgium and Denmark. It is peculiar that the benefits for employment injuries and occupational diseases in the new three member countries claim a decidedly smaller portion of the disposable net national income than in the founder states: here possibly questions on the delimitation between the national health service and the employment injuries system play a role.

A strong rise (which will probably further continue until 1975 according to the forecasts of the Social Budget) has been seen between 1970 and 1972 especially in the benefits for sickness. Various reasons may be relevant in this respect: greater frequency of sickness or increased use of medical facilities, higher costs of medical, dental and clinical treatment as well as of medicines, but also possibly—something that would be considered as positive—an increased preventative medical care (e.g. precautionary examinations). Because of the growing proportion of persons of pensionable age (see Section I) and the extension of the scope and improvement of insurance protection (see previous section), the benefits for old age and survivors have already increased in the past considerably faster than the net national income and will probably also do so in the near future. In the case of family charges the trend to be seen up until now has been the opposite; recent measures in some countries (Italy, Germany) indicate however a partial change towards a faster growth in family benefits. On the other hand, other social benefits are connected mainly with specific circumstances, such as unemployment benefits with the short term economic situation and the benefits for victims of political events and natural catastrophes (whose importance in comparison to the other benefits is diminishing with the increasing time interval from the last world war).

Finally, concerning the *financing* of social expenditure, the table shows that in France over 60%, in Germany and Italy 50% or more and in the remaining three founder states of the Community between 36 and 46% of the expenditure is financed by the employer; moreover in the Netherlands the proportion paid by the workers, some 36%, is considerably higher than in all the other Member States. On the other hand, as a result of the existence of national protection schemes, considerable portions of the social expenditure is borne by public authorities in the three new Member States: in the United Kingdom 40%, in Ireland about two thirds and in Denmark even over 80%. This type of financing does not show at least any great changes over the time period.

	Year	Belgium	Germany	France
<b>1. Total expenditure</b> as % of the available net national income	<b>1965</b>	<b>18.3</b>	<b>21.0</b>	<b>20.4</b>
	1970	20.5	23.8	21.4
	1971	20.9	24.6	21.7
	1972	21.8	25.8	21.9
<b>2. Social benefits per function</b> as % of the available net national income	<b>1970</b>			
— Sickness		4.3	5.9	5.3
— Old-age, death, survivors		7.2	9.6	7.8
— Invalidity		0.8	1.0	0.3
— Physical and psychological infirmity		0.3	0.2	0.3
— Employment injuries, occupational diseases		0.8	1.2	0.9
— Unemployment		0.8	0.3	0.2
— Family charges		3.6	2.2	4.3
— Political events, natural catastrophes		0.6	1.7	0.9
— Other		0.3	0.4	0.1
<b>Total</b>	<b>1972</b>	<b>18.7</b>	<b>22.5</b>	<b>20.2</b>
— Sickness		4.8	6.9	5.6
— Old-age, death, survivors		7.6	9.9	8.1
— Invalidity		0.9	1.0	0.3
— Physical and psychological infirmity		0.4	0.1	0.3
— Employment injuries, occupational diseases		1.1	1.3	0.9
— Unemployment		1.1	0.3	0.2
— Family charges		3.5	2.2	4.1
— Political events, natural catastrophes		0.5	1.6	0.9
— Other		0.8	1.0	0.2
<b>Total</b>		<b>20.6</b>	<b>24.4</b>	<b>20.6</b>
<b>3. Receipts for the financing of social expenditures</b> by nature	<b>1970</b>			
— Contributions from employers		47	49	61
— Contributions from insured persons		21	25	20
— Contributions from public authorities		27	23	17
— Income from capital		4	2	1
— Other receipts		1	1	1
<b>Total</b>	<b>1972</b>	<b>100</b>	<b>100</b>	<b>100</b>
— Contributions from employers		46	50	62
— Contributions from insured persons		20	24	20
— Contributions from public authorities		30	23	16
— Income from capital		4	2	1
— Other receipts		0	1	1
<b>Total</b>		<b>100</b>	<b>100</b>	<b>100</b>

<sup>1</sup> The payments of benefits in respect of employment injuries and occupational diseases are included under the headings 'Sickness', 'Invalidity' and 'Survivors'.

Italy	Luxembourg	Netherlands	United Kingdom	Ireland	Denmark	EUR-6	EUR-9
19.0	19.3	18.8	.	.	.	.	.
20.5	20.0	22.7	18.1	13.9	21.8	.	.
22.0	22.0	24.0	18.6	14.4	23.4	.	.
24.5	22.4	25.3	19.3	14.4	23.0	.	.
4.9	3.3	5.8	4.7	3.8	6.1	.	.
6.5	} 11.8	8.9	8.1	4.9	7.7	.	.
2.2		1.8	0.6	} 1.3	2.0	.	.
0.4	0.2	1.5	0.6		0.1	0.8	.
0.7	1.3	.	0.2	0.8	0.3	.	.
0.2	0.0	0.7	0.8	0.8	0.6	.	.
2.4	2.2	3.0	1.8	2.3	3.5	.	.
0.8	0.4	0.1	0.3	—	0.0	.	.
0.5	0.1	0.0	0.3	0.2	0.2	.	.
18.6	19.4	21.9	17.4	13.4	21.2	.	.
5.6	3.9	6.6	4.9	4.0	6.2	.	.
7.7	} 13.5	9.3	8.8	5.1	8.0	.	.
2.8		2.3	0.6	} 1.4	2.2	.	.
0.3	0.0	2.0	0.7		0.8	.	.
0.8	1.4	.	0.2	0.1	0.3	.	.
0.4	0.0	1.0	1.0	0.8	0.8	.	.
2.3	2.4	3.1	1.7	2.1	3.7	.	.
0.8	0.3	0.1	0.3	—	0.0	.	.
0.6	0.1	0.0	0.4	0.3	0.3	.	.
21.4	21.6	24.5	18.6	13.8	22.4	.	.
55	36	44	34	19	11	.	.
15	25	36	18	12	7	.	.
24	31	12	39	68	82	.	.
3	8	8	9	1	0	.	.
3	0	0	0	0	0	0	.
100	100	100	100	100	100	.	.
54	36	43	34	19	10	.	.
15	24	36	18	14	6	.	.
24	31	13	40	66	81	.	.
3	8	8	8	1	3	.	.
4	1	0	0	0	0	.	.
100	100	100	100	100	100	.	.

Source: Statistical Office of the European Communities, Luxembourg.

**Index of Graph and Tables in the Text**

Table 1: New Social Fund — 1974 Budget	19
Table 2: Total commitments decided for 1974	20
Table 3: Old Fund — Assistance granted in 1974	21
Table 4: Retraining of workers (ECSC credits)	23
Table 5: Financing of the seven normal schemes and the three experimental schemes (ECSC housing)	31
Table 6: Work on the seven normal schemes and the three experimental schemes (ECSC housing)	32
Table 7: Completed housing and proportion of subsidized dwellings (development in the member countries)	150
Graph : ECSC subsidized housing financed and completed	33



# Index of Key Words

(giving reference to the numbers of Paragraphs

in Sections A, B, C, and of Paragraphs and Tables in Section D)

- A**
- social *accounts*  
(in %, by countries) D 335, 336  
X 1/3
- social *activities*  
(see social *Programme*)  
of the Community
- agreements*  
(collective) B 35, 36  
C 141/143,  
149/156, 158
- agriculture*  
(people employed in) B 19, 29, 36  
C 81, 86, 92,  
108, 114, 127,  
254, 258, 264,  
278, 279, 281,  
282  
D 323, 334  
III 2 d
- social *aspects* of  
Community policies A 14  
B 17
- asset* formation A 13  
(promotion of) C 206, 207, 210,  
211, 213, 216,  
219, 224, 229,  
232
- B**
- bargaining*  
(collective) B 34  
C 141/158
- European Social *Budget* A 10 (h)  
B 29  
C 275
- C**
- capital* formation  
(see *asset* formation)
- European *Centre* for the  
Development of Vocational  
Training A 4(f), 5  
B 16, 27, 34,  
C 106, 133
- co-determination*  
(see *involvement* of workers)
- collective* agreements  
(see *agreements*)
- Standing *Committee*  
on Employment A 11 (i)
- consultative *committees* A 9 (e), 11 (j)  
joint *committees* B 16, 27, 36  
mixed *committees*
- working *conditions*  
(see also: European  
*Foundation*) A 4(g), 5, 9  
B 33, 34  
C 172/177,  
179/193,  
D 324, 325  
IV 3/5
- consultations* with the Social  
Partners (management and  
labour) at Community level A 11  
B 16, 26, 27, 34  
C 133, 134, 138
- consumer* (protection) B 17
- consumption* (private) D 328, VI 1+2
- coordination*  
(see *consultations* with the  
Social Partners)
- labour *costs* D 326, 327, V 4
- D**
- diseases*  
(occupational) B 29  
C 285/316  
(passim)
- dismissals* A 4 (e)  
B 32  
C 78, (140)
- individual  
(protection against) B 32  
C 196, 200, 202
- disputes* (industrial) C 101, 142, 143,  
146, 149/154,  
158, 211, 230  
D 324, 325, IV 2

	E		
<i>gross hourly earnings of workers (see also pay, wages, women)</i>	C 209, 212, 215, 218, 221, 223, 226, 228, 231 D 326, 327, V 3	European <i>Foundation for the Improvement of Working and Living Conditions</i>	A 4 (g), 5 B 16, 33 C 175
<i>education</i>	D 320, 321 II 1/3	<i>free movement of workers (see also migrants and soc. security)</i>	B 25
<i>part-time education (see training leave)</i>		European <i>Social Fund</i>	A 3 (a), 11 (i), 12 B 16, 19/21, 38
<i>elderly (workers or persons)</i>	A 1, 13 B 38 C 52, 53, 70, 99, 196, 234, 244/257 (passim) 258/269 (passim), 273 D 319, 323 III 4 c		
<i>employment</i>	A 8, 11 (i+j) 12, 13 B 16/18 C 48/50, 61, 65, 66, 74/78, 80, 83, 86, 90, 95 D 322, 323 III 1/4	G	
<i>job enrichment</i>	A 9 (g) B 16, 34 C 133, 173/175, 289, 293	<i>graduates (of Universities or higher Technical Colleges)</i>	C 53, 89, 97, 105, 126 D 320, 321 C 136, 137, 168/171
<i>environment (protection of) (see also European Foundation)</i>	A 13 B 17, 47 C 300/316	H	
	F	<i>handicapped (persons)</i>	A 1, 3 (a+b), 13 B 16, 19, 22, 27, 37, 39 C 105, 110, 111, 123, 196, 234, 243, 258/269 (passim) 273
<i>collective facilities</i>	B 38 C 242, 244/257 (passim) 268, 274, 276	<i>health and safety -common policy</i>	A 3 (c), 13 B 16, 34, 39/43 C 133, 285/299
<i>family matters</i>	B 31, 37, 38 C 79, 234, 244/257	<i>-radiation (Euratom's protection against)</i>	A 13 B 46/47 C 300/316
<i>family allowances</i>	C 244/257 (passim) 270/284 (passim) D 334, IX 5	<i>-health care (in the member countries)</i>	C 274 D 331, 332 VIII 1/3
<i>muti-national firms</i>	B 17 C 139	<i>industrial health</i>	A 3 (c), 9 (e) B 34, 40, 43 C 285/299
		<i>annual paid holidays</i>	A 6 (h) B 16 C 172, 175, 177, 188/193 D 324, 325, IV 4
		<i>working hours</i>	A 6 (h) B 16

C 52, 76, 87,  
95, 101, 172,  
175, 176,  
179/187  
D 324/325, IV 3

*flexible working hours* C 176, 179, 181  
182

*housing (in general)* A 13  
C 67, 73, 81,  
94, 233/243,  
268  
D 329, 330  
VII 1/4

*social housing* B 37, 39  
C 67, 79, 233,  
234, 237, 241,  
243, 262, 293

*humanization of work*  
(see *job enrichment*)

I

*income* A 13  
C 205, 208, 213,  
217, 220, 222,  
225, 227, 230,  
244, 267, 270/284  
(passim)  
D 326, 327  
V 1/3

*maintenance of income*  
(in case of unemployment  
and/or retraining) B 28  
C 60, 74, 78,  
87, 92, 99, 130,  
211, 214, 273

*social indicators* B 17  
D 317  
I/X

*involvement of workers*  
(in the life of firms) A 9 (g)  
C 159/167

L

*labour force* C 66, 90  
D 322, 323  
III 1+2

*civil law* C 244/257  
(passim)

*labour law*  
(see also *involvement of*  
*workers, mergers*) A 6 (i)  
C 159/166, 178,  
194/202

*training leave* C 96, 109, 118,  
124, 128, 131,  
172, 177,  
188/193

M

*manpower*  
(problems)  
(see also *employment*) B 18  
C 53, 54

*industrial medicine*  
(see also *health*) B 40/43  
C 285/299

*merger of (national or*  
*multinational) firms* A 6 (i)  
B 16, 33, 34  
C 133

*methods*  
(statistical) D 317, 318, 320,  
322, 324, 326,  
329, 331, 333,  
335

*migrant workers* A 1, 3 (a), 8 (b),  
11 (i), 13  
(see also *free movement and*  
*social security*) B 16, 19, 22,  
27, 30, 31, 34,  
37, 38  
C 52, 55, 59,  
64, 71/73, 79,  
81, 92, 95, 100,  
103, 105, 107,  
110, 113, 132,  
133, 202, 233,  
243, 257, 259,  
261/264,  
266/269  
D 319, 322,  
323  
III 3 (b+c)

*movement of workers*  
(see *free movement of workers*)

P

*participation of Social*  
*Partners at Community level*  
(*consultations with*) A 11  
B 16, 26, 27,  
34  
C 133, 134, 138

*workers' participation*  
*in the life of firms*  
(see *workers' involvement*) A 9 (g)  
C 159/167

*pay*  
(see also *women, wages,*  
*earnings*) A 4  
B 32, 34  
D 326, 327,  
V 2

- social *policy* at Community level  
(see also Social Action Programme)  
*population* A 1/15  
B 16
- poverty*  
(‘Fourth World’) A 9 (f)  
B 16, 28, 34, 38  
C 133, 257, 265, 269, 273, 275
- social *priorities*  
(see also Social Action Programme) B 16, 26  
C 133
- gross national *product*  
(pro inhabitant) D 326, 327  
V 1
- Social Action Programme at Community level  
(see also social *policy*) A 1/15  
B 16, 26/28, 32, 34, 36, 38/43, 47  
C 106, 133, 175, 204, 207, 243, 245, 246, 248, 275, 289
- health *protection*  
(see *health*)
- social *protection*  
(see also *social security*) A 9 (d)  
B 16, 28  
C 245  
D 333, 334  
IX 1/5
- R
- radiation*  
(protection against) (Euratom)  
(see *health and safety policy*)
- industrial *redevelopment* B 24  
C 54, 92
- re-employment*  
(see also *retraining & redevelopment*) B 23, 34  
C 92
- regions* A 14  
B 19  
C 58, 74, 77, 88, 98, 103, 119, 121, 124, 125, 130, 236, 238, 242, 266
- industrial *relations*  
(see also *involvement and participation*) B 34  
C 133/171  
D 324, 325  
III 1+2
- representation of workers*  
within firms  
(see *involvement*)
- Council’s *Resolution*  
of 21 January 1974  
(on the *Social Action Programme*) A 2, 3, 7, 12  
B 16, 26, 30  
C 133, 175, 243, 275
- early *retirement* C 52, 70
- workers’ *retraining* B 20, 23, 24, 39, 40  
C 54, 92, 127
- S
- safety* (common policy)  
(see *health and safety*)
- industrial *safety* A 3(c), 9 (e)  
B 34, 40/43  
C 285/299
- social *security* A 10 (h), 13  
B 16, 28/30  
C 244/257 (passim), 270/284  
D 333, 334  
IX 1/5
- idem. of migrants* A 8 (b)  
B 30
- self-employed persons* C 66, 92, 114, 127, 276, 281/283  
D 323, 334
- social *services*  
(welfare) B 38  
C 258/269
- stages of the Social Action Programme* A 3
- standard of living* B 17  
D 328  
VI 1+2  
VII 1+2
- T
- temporary employment*  
(agencies) B 25  
C 194, 279

- vocational *training*  
(see also *education*) A 4 (f), 5  
B 16, 20, 27,  
34, 44  
C 60, 74, 78,  
79, 92, 96, 97,  
105/132
- U
- unemployment*  
(see also *employment*) A 1, 2, 14  
B 17, 18,  
C 49, 51/58,  
60/62, 67/69,  
74/78, 80/83,  
87/88, 95, 101,  
102, 233, 237,  
273  
D 322, 323  
III 4
- European Social *Union* A 15
- W
- wages*  
(see also *earnings, pay,*  
*women*) B 32  
C 102, 203/205,  
207/209, 211,  
212, 214, 215,  
217, 218,  
220/223,  
225/228, 230,  
231
- guaranteed minimum *wage* C 96, 204, 208,  
217, 225, 227,  
230
- index-bound *wage* C 203, 208,  
211, 217, 220,  
222, 225, 227,  
230
- welfare* (see *social services*)
- women* A 1, 4 (d),  
8 (c), 13  
B 16, 22, 26,  
27, 32, 34, 38  
C 53, 56, 58,  
62, 69, 77, 83,  
89, 103, 105,  
107, 110, 133,  
198, 200, 202,  
204, 207, 208,  
217, 220, 227,  
230, 244/247  
(passim) D 319  
I 1 d, III 1 b  
I 2 b, III 2 c  
VIII 1
- working people*  
(*workers*)  
elderly - see *elderly*  
female - see *women*  
foreign - see *migrant*  
handicapped - see *handicapped*  
self-employed - see *self-employed*  
young - see *young*  
with higher educational  
degrees - see *graduates*
- Y
- young* (people) A 1, 13  
B 27  
C 53, 58, 60,  
70, 75, 77, 78,  
83, 88, 89, 96,  
97, 103, 105,  
112, 196, 197,  
227, 244/257  
(passim)  
D 323, III 4b

## Summary of contents

(Sections A, B, C, D)

<i>Section A — Introduction</i>	5
(based on the Social Action Programme 1974-1976)	
<i>Section B — Outline of activities by the Commission of the European Communities in the social field in 1974</i>	15
General aspects	17
Social aspects of Community policies in other areas	18
The promotion of employment	19
European Social Fund	19
Retraining and re-employment of workers	23
Redevelopment of undertakings and re-employment	23
Free movement of workers	24
Other activities in connection with employment	24
Vocational training	25
General social security matters and European Social Budget	26
Social security for migrant workers	27
Activities on behalf of migrant workers and their families	27
Wages and working conditions	28
Industrial relations	29
Housing	30
Social services and family matters	32
Common health and safety policy	34
Health and Safety protection (Euratom)	35
<i>Section C<sup>1</sup> — Development of the Social Situation in 1974</i>	37
Chapter I — Employment (including migrant workers)	39
Chapter II — Vocational training	65
Chapter III — Industrial relations	80
Chapter IV — Working conditions and labour law	106
Chapter V — Wages and asset formation	120
Chapter VI — Housing	141
Chapter VII — Family affairs	152
Chapter VIII — Social services	164

<sup>1</sup> The contents of this section do not figure in other Commission publications.

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Chapter IX — Social security	175
Chapter X — Industrial safety, medicine, and hygiene	191
Chapter XI — Protection of health and of the environment	203
<i>Section D<sup>1</sup> — The Development of the Social Situation in figures (with observations)</i> (Social Indicators)	215
I — Population	218
II — Education and research	224
III — Employment	228
IV — Industrial relations and working conditions	237
V — Incomes—labour costs	245
VI — Standard of living	251
VII — Housing	254
VIII — Health	258
IX — Social protection	262
X — Social accounts	266
Index of Graph and Tables in the Text	271
Index of Key Words	273

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<sup>1</sup> The contents of this section do not figure in other Commission publications.