

THE SOCIAL POLICY OF THE EUROPEAN ECONOMIC COMMUNITY

Address delivered

by Professor Lionello LEVI SANDRI,  
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to

the FIFTH GENERAL ASSEMBLY OF FREE TRADE UNIONS  
OF THE MEMBER STATES OF THE EUROPEAN COMMUNITIES

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I am sorry that I was not able to be with you yesterday because my work at the Community kept me in Brussels.

However, the Commission's greetings have already reached you through my colleague, M. Mansholt. I should like to add my own most sincere greetings and good wishes to those already expressed by him, even though any greetings from me to you are - in a way - superfluous since your General Assembly is not the only occasion on which we meet. In fact, we meet frequently - I might say continually - in the various Committees and working parties. All your faces, your views, your opinions, are well known to me, just as I think you have long been familiar with my thoughts and opinions on the main problems.

But this General Assembly of yours is a particularly appropriate occasion on which to express or reaffirm a few ideas on some of the problems dealt with in the Annual Report that you have before you - and above all on certain social problems which M. Savoini and many of the other speakers have dwelt upon. My object is to remove any misunderstandings regarding the views of the Commission and at the same time to make my own contribution to your discussions.

It is always useful to clarify one's position on a given matter, but never more so than at the present time when European integration, to which all of us have devoted - and still do devote - all our energies, appears to be marking time. It appears to be marking time, above all, in the social sector, which is the one with which we are especially concerned - not least because we remember that the ultimate aim of European integration is not and cannot be anything other than social - as can, moreover, be clearly seen from what is said in the Treaties.

As you all know, the Community's social policy has for the last few years been the focal point of a controversy which to some extent reflects the current disagreements in Europe. In fact, it can be said that, where social policy is concerned, we were the first to bear the brunt of this, for long before 1965 some of our efforts were greeted by the refusal of government delegations to attend our meetings. (You will recall the European social security conference of 1962, at which the governments chose to be mere observers, refusing to make any contribution whatever.) Long before 1965, we had to face endless discussions on the scope and

limits of the Commission's powers, on its competence to take the initiative in certain matters, and on certain rules of good conduct that it ought to observe.

This was also the result of the relative ambiguity and uncertainty of the Treaty's provisions regarding social policy and the instruments for its realization. In fact, in what the Treaty says about social policy - scattered in various parts - two sets of provisions exist, as it were, side by side, differing both in their aims and in the nature of the procedures they establish. On the one hand, there are the measures that are designed to achieve the highest possible level of employment within the Community - and which therefore concern the free movement of workers, regulate the establishment and functioning of the European Social Fund, and provide for a common policy on vocational training - and, on the other, there are those that are designed to improve living standards and working conditions with a view to "levelling upwards" - and which current practice includes under the rather vague heading of "harmonization of social conditions". Activities of the first type are governed by provisions that are sufficiently clear and are sometimes accompanied by an indication of the time-limits within which certain steps must be taken; in addition, for these measures, Community procedures are laid down. For activities of the second type, however, the objectives are formulated in very general terms, and in the last analysis their fulfilment is left to inter-governmental collaboration, prompted by the Commission. This is not all. These provisions - and I am thinking chiefly of Article 118 - are couched in terms such as to encourage every kind of hair-splitting and all the most subtle procedural disputes.

The contrast which exists in the texts is of course also to be found in the actual facts, in the concrete achievements and in the prospects for the future. In the first case - that is, where measures to bring about the highest possible level of employment are concerned - the balance is without doubt a positive one - as I think M. Savoini also recognized - even if not inconsiderable difficulties have been experienced and the progress achieved has not always been as great as one might have hoped; here, the outlook for the future can be regarded with a certain cautious optimism. In the second case, on the other hand - the harmonization of social conditions - the balance is more modest, more meagre, the Community's activity is proceeding in the midst of countless difficulties, and the outlook for the future is, to say the least, uncertain.

This note of disillusionment and pessimism is indeed echoed both in your Annual Report and in many of the speeches that have been made such as that by Ter Heide.

Now, as it is obvious that I cannot deal in this speech with all the aspects of social policy, I shall confine myself to a few remarks on the thorny problem of the harmonization of social conditions. This is, moreover, the question over which most disputes have raged, because it raises most immediately the problem of defining the process of integration - that is, of defining its aims - and, in addition, the problem of the method by which the process should be directed in order to adapt the means to the ends.

I should like briefly to examine these two aspects of our subject, which are bound up together and supplement each other.

First of all, the aims. On this point, controversy has centred around two conflicting views: the one that holds that the Community's social policy must be subordinate and the one that holds that it must be autonomous.

According to the first view - which is dear to certain governments and certain managerial circles - the adoption of social measures at Community level is only justified if they can be shown to be necessary for the efficient functioning of the Common Market as an economic union, to remove obstacles and impediments to the economic development of the union itself. Every social measure must therefore be subordinate to the mechanism of economic integration and to its demands.

Now, there is no doubt that even with this limited view of social policy some considerable results could be achieved.

It could, for example, justify the full realization of the free movement of workers, the achievement of a real Community labour market; it could be the basis of an extension of the possibilities of aid from the Social Fund and of the practical implementation of a common policy on vocational training.

I say that it "could". Because in practice even this modest, limited conception of the Community's social policy is not accepted by everyone. There are people who would prefer something even less. There are people who will maintain, for instance, that

a common employment policy is unacceptable - the common employment policy which M. Beerman outlined yesterday in some of its main aspects - and who even go so far as to reject even the mere co-ordination of national immigration policies. For over two years now, proposals have been before the Council which would reform the European Social Fund and provide for an experimental crash programme of vocational training.

And all this, please note, in spite of the fact that the problems of vocational training and re-training are regarded by everyone as being extremely important and extremely urgent (did not M. Beerman underline their urgency yesterday?). In spite of this, the reception that the experts have so far given to such schemes bodes no good for the meeting of the Council of Ministers - when it finally takes place. Above all, the proposal for a crash programme of vocational training has been torn to shreds. It has been vivisected, and the pieces of it, scattered about the operating table, are almost unrecognizable and will be difficult to put together again. I wonder if it is worthwhile to insist on resuscitating such a monster. This should not come as a great surprise. In the words of a great economist and a convinced European - Luigi Einaudi - "experts were created precisely to ensure that the implementation of good ideas is put off until the Greek calends". Our crash programme of vocational training was indeed a good idea, and it is a pity that it must remain only a good idea.

But even supposing that, within the limited conception of social policy that we have considered, there had been a desire to act with a certain breadth of vision, so that the provisions in question could have been implemented to the full, would this have meant that all the social objectives of the Treaty would have been achieved?

The answer to this question has to be in the negative. It has to be in the negative if one recalls that, in accordance with the spirit of the Treaty, one of the essential purposes of European integration is that of "constantly improving living and working conditions", and that the economic expansion which it is hoped will follow from the establishment of the Common Market can only be the means to this end. We cannot therefore invert the hierarchy of values and preoccupations and refuse to acknowledge that certain social demands merit priority, reducing them to the role merely of temporary and incidental correctives. Moreover, we are well aware that, left to itself, economic expansion often causes serious disequilibria and that affluence allows disquieting pockets of

poverty to persist. Lastly, when considering the choices that have to be made today if fresh disequilibria and fresh cases of poverty are not to arise tomorrow, would it not be paradoxical to take the line that economic necessity and the functioning of the market are the sole criteria for action?

It is, however, not enough to reject ideas; we must suggest others. In this connection, it seems to me that the principle that must inspire our action, and must be asserted categorically, is a simple one: the expansion that results from the functioning of the Common Market must allow of balanced and harmonious development in the Community; but this harmony must be assured at every level, and must concern not only the various components of economic development but also the various aspects of social development, in which balance must also be achieved. This means that social progress cannot be equated with the undifferentiated result of the general increase in wealth, but that the objectives that are essentially social in character must be treated as autonomous - while yet respecting economic requirements.

These are basic truths which no one would think of contesting where national social policies are concerned, but which are nevertheless disputed at Community level.

These basic truths have been asserted by the Commission and by myself on numerous occasions, and I am sure that you are fully convinced of them too. There is therefore no need to insist on them. But I wanted to reaffirm our conception of social policy here because the other conception - which is narrow, ungenerous, petty and outdated - is being asserted more or less openly by some people at the present time.

I should also like to add that balanced social development is not the same thing as an increase in per capita consumption; we cannot be content with this definition of an improvement in the standard of living because it is too statistical and too restrictive. Balanced social development must above all bring about a fairer distribution of income - which cannot occur spontaneously as a result of economic expansion. It must also ensure that the essential needs of all sections of the community are satisfied. It must make it possible to see that satisfactory human relations are established, appropriate to the structure and characteristics of society - whether that society be the firm, the local community, the State or the European Community.

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So much for the aims.

Turning now to the question of the most suitable method to achieve these aims: you all know that this problem was solved by relying, in the main, on intergovernmental co-operation. The general power of initiative which the Treaty confers on the Commission does not appear in this matter as power to initiate legislation but only to elicit such co-operation.

I should like for the moment to leave aside the controversy about powers and procedures to which interpretation of the Treaty's provisions has given rise and to deal instead with the more general aspects of the problem.

The question that one must ask oneself in this connection, and which constitutes the basis for any subsequent discussion, appears to me to be the following: does the achievement of balanced social development demand that steps be taken at Community level - steps, that is, which would no longer be the expression of a national political will but of the political will of the whole Community?

The answer to this question is, in my opinion, of fundamental importance, both in the short and in the longer term. In the short term, it ought in fact to transcend the sterile disputes over competence and guide and govern the use that is made of the instruments made available by the Treaty. In the medium term and, more explicitly, when the amalgamation of the Treaties takes place, it ought to make possible a redrafting of the various rules in a way that will suit the means to the ends.

The question is therefore this: is it possible to make independent choices at the national level - choices that may even differ - within an area where an economic union has been established, without running the risk of causing serious imbalances? The answer, it would seem to me, cannot be in any doubt.

A few days ago, we had a meeting at which it was pointed out how often your own autonomy to negotiate is prejudiced or restricted by decisions taken at Community level. The employers and the governments themselves are, and ought to be, aware of this situation, of these difficulties. The truth is that henceforward certain choices can only be made at Community level. Before long - probably sooner than you think - you and the employers will be obliged to

engage in collective bargaining at the European level. And the fundamental social choices will have to be made at that level. To deny such a possibility, such a necessity - that is, to deny in this field the need for Community intervention and a Community will - would lead to the paradoxical situation, or rather to the contradiction, that where the political will resides today - that is, at the national level - autonomous choice becomes impossible, and where alone the choice could be made - that is, at the Community level, the European level - the political will is denied expression.

It is in the light of such requirements that the Community provisions on social questions will have to be recast when the merger of the Communities and Treaties takes place.

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The Treaty, then, does not allow the Community institutions to legislate on matters of general social policy. This is a fact that we must take into account. But if the choices rest with other bodies, there is nothing to prevent preparation, clarification and guidance. This is the outcome towards which the studies, discussions, opinions and recommendations provided for in the Treaty must be directed.

Nevertheless we have unfortunately had to admit that the possibilities of useful action in this sphere have to a great extent been frustrated by disagreements over powers and procedures. On the government side, a tendency to dispute or limit the Commission's right to initiate action has become apparent. And what is even more serious - this negative attitude towards the Commission is not offset by any other positive intention. The Commission's power of initiative has been contested, but it has not been replaced by any firm determination on the governments' part to be themselves the initiators of further action; nevertheless no one has ever disputed the need to promote close collaboration between the Member States in social matters, which is affirmed in the Treaty and has been created by events. On this occasion I can only hope most earnestly that this attitude may change, for it is one that I cannot but regard as an evasion of responsibility or a refusal to set on social development the intrinsic value which is its due. I do not, however, wish to despair of the possibility of a change in this attitude now that

the end of the transition period is in sight and the first medium-term economic and social programme has been initiated. The ideas put forward yesterday by the Italian Prime Minister are particularly reassuring in this respect.

The Commission, for its part, believes that it has done everything in its power to keep a dialogue going which some people wanted to bring to an end, to provide material for discussion, and to clarify ideas, positions, intentions and responsibilities. It has, moreover, decided to continue along this path.

One proof of this lies in the medium-term economic programme, and yesterday M. Louet stressed its importance, as far as social objectives are concerned, for the purposes of a dynamic social policy. Further proof is to be found in the action programme for the social sector in the next few years (practically speaking, up to the end of the transition period), which was worked out in close collaboration with representatives of the Ministers of Social Affairs and of trade unions and employers' associations. Many of you took an active part in drafting this programme; and with your co-operation a text has been prepared which will, I hope, be officially adopted before very long.

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A little while ago I said that among the possibilities offered by the present legal and social situation, there are some that can only be used by the trade-union movement, in order to achieve the "levelling-upwards" of living and working conditions. I refer, above all, to collective bargaining.

Of course the trade-union movement needs to be strong - strong, that is, at the European level - and ready to adopt the supra-nationality which you quite rightly do not fail to urge upon the governments.

A trade union movement which is strong at the European level will be the best possible guarantee for the attainment of the Community's social objectives - and not only for the attainment of social objectives.

Today the process of integration has, to use a railwaymen's expression, come to a dead end. Politically dead. The progress

made as regards customs union and in some aspects of economic union has not had as a counterpart the extension of the Community to other free, democratic European countries, nor a development towards political union. Such developments have indeed met with vetoes and opposition.

This does not only mean rethinking or repudiating the objectives that had been assigned to economic integration; it also means compromising economic integration because, as Luigi Einaudi pointed out a few years ago, a federation cannot well be built on purely economic foundations. "At the first quarrel between interested parties," he used to say, "everything falls into ruins because the political cement necessary to hold the building together is lacking." Now, we ourselves had the first quarrel last year, and if everything did not fall into ruins it was because of the wisdom and prudence of five governments and the results of a certain election. Nevertheless, the quarrel was damped down but not resolved, and the crisis which has not yet been completely overcome is still latent.

The truth is that the governments, the people at the top who have hitherto been the initiators and champions of the integration process - because the Treaties of Paris and Rome are essentially their work - are tired and some of them seem to want to throw in the sponge. If others do not take the initiative, do not seek out and embark upon new tracks, the train of European integration will be really at a standstill, at a dead end.

Who can take the initiative in this way if not the mass organizations, that is, the political parties and trade unions of our countries?

The trade unions above all, which represent the working class, the large majority of our people, that working class which would be the first victim, the first to pay the price, if the process of European unification were to fail and we were to return to the national egoisms which till now we had thought were gone for good.

This is the task - a noble one and one that involves enormous responsibility - which I see as falling to you at the present time, to your national organizations and to the European organization. My wish - for you, for all of us, for our children and for the world of tomorrow - is that you will not shirk this responsibility.

Then we shall enjoy the certainty that, in spite of the obstacles which persist, in spite of difficulties real and artificial, in spite of the ill will of men, in spite of men of ill will, the great fact of tomorrow will be a united and therefore a strong and independent Europe, which will play a leading part in world politics and be an irreplaceable element of balance in the modern world - a free, democratic Europe, imbued with social ideals.

Brussels, 10 November 1966

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PRESS RELEASE

## Summary of

the speech of M. Levi Sandri, Vice-President of the EEC Commission, to the Fifth General Assembly of Free Trade Unions of the European Community, at Rome, 10.11.1966.

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M. Levi Sandri spoke mainly about matters of Community social policy. Affirming the independence of this policy, he rejected vigorously the opinion of certain governments and industrialist circles, that the social measures of the Community should serve only the smooth functioning of the economic union.

One of the essential aims of European integration was a steady improvement of living and working conditions in the Community, to which the economic expansion obtained by the Common Market was but a means. Social progress could not therefore be reduced to the evenly-spread results of a general increase in prosperity: social objectives had to be pursued independently, whilst bearing economic requirements in mind.

There were a number of social options which henceforth could not be decided at the national level, but only at that of the Community. To deny the need for Community action and will created a paradoxical situation, since where a political will existed - at the national level - independent decisions were becoming impossible, and at the level where decisions could be made, political will was denied expression. These were the considerations which should guide a reform of the social provisions when the treaties were amalgamated.

M. Levi Sandri then protested at the tendency of some governments to restrict the Community's competence in social affairs. The Commission had no intention of leaving the path it had so far trodden.

The trade union movement had certain special responsibilities, not only in social matters, but also in resuming the advance towards an economically and politically united Europe. Vetoes and hostile attitudes on the part of some governments were now compromising the achievement of that goal. Only a strong trade union movement acting throughout the Community could henceforth replace the now inadequate government action, help to resolve the present deadlock, and lead to a united Europe, by definition stronger, more independent, freer, more democratic and social.