

Leu-san
Waxmann
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Orig. I

Dear friends,

I am very happy indeed to be among you today, at the kind invitation of President Rosenberg. Let me say at once that my attendance here as a representative of the European Commission is not, and is not intended to be, a purely formal gesture. The social tasks incumbent on the Community Institutions, the continuing activities of the Commission and our own deepest convictions are a clear indication of the role assigned to the labour organizations in the process of European integration. You are in fact our closest and most trusted collaborators, and we rely on you to ensure and guarantee that our work under the Treaty actually meets the aspirations and needs of the various categories of workers. And all those people - many of whom are here today in this hall - who have contributed to the loyal co-operation established over the last few years between the staff of the Commission and the labour organizations have become for us not only irreplaceable partners in negotiation and fellow-workers but also true friends. And I should like to mention Ludwig Rosenberg in particular who during his memorable term as Chairman of the Economic and Social Committee, spared himself no effort to secure the adoption of all those provisions and regulations which now, at the beginning of the second stage, govern Community policy.

No less worthy of praise has been the unstinting support - always imbued with the highest European ideals - of the European Secretariat of the ICFTU and of your representatives who are members of the European Parliament. This is why my presence here today is not, I repeat, a purely formal gesture of Community politeness, but is intended as a genuine testimony to the interest taken by the EEC Commission in your activities and, at the same time, as an acknowledgement of their importance for the building of the new Europe.

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My theme will be the EEC's social policy. This is a subject which, I believe - unless I am to some extent deluded by professional pride - is bound to be of great interest, particularly for you, not least because of the quantity and complexity of the problems it raises and the number of people who are directly or indirectly concerned by it, meaning: in the last analysis all the 170 million citizens of the European Communities.

It is an undeniable fact that "welfare" nowadays conditions the policy and economy of every modern state, at any rate every one that is free. No wonder, then, that in the European Communities, just as, for that matter, in the other international organizations set up after the second world war, particular importance should be attached to welfare.

We find, for example, a great many social provisions in the Treaty of Paris establishing the ECSC, and above all in the Treaty of Rome establishing the EEC, and several clauses of the same character were also written into the Treaty of Rome which set up Euratom.

In the Treaty creating the EEC, the social aims of Community action are very plainly stated even in the Preamble (the six countries "direct their efforts to the essential purpose of constantly improving the living and working conditions of their peoples"), and are fully amplified in the various clauses of the Treaty proper. In this way there has grown up a complex system of regulations and measures: I need only mention freedom of movement for wage-earners and the right of establishment for the self-employed, the creation of a European Social Fund and the framing of a common policy of vocational training, the betterment of living and working conditions with a view to their equalization in an upward direction, and the obligation laid on a Community institution - The Commission - to ensure close co-operation between

the Member States in the social field. Further provisions of the Treaty deal with particular though none the less important questions: for example, equal pay for women and the maintenance of the existing equivalence of paid holiday schemes. In conclusion, we may add that social provisions are more or less explicitly laid down in connection with the common transport and the common agricultural policies: the latter's objectives include that of ensuring a fair standard of living for the agricultural population, particularly by an increase in the individual earnings of persons engaged in agriculture.

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It would be idle to claim that the provisions I have just mentioned can in number and in material significance stand comparison with those concerning other sectors of Community activity, for example the customs union or agricultural policy, or the rules governing competition. On the contrary, one might get the impression that these social provisions are merely something added to the Treaty of Rome, an afterthought, and - to tell the truth - an inconvenient one, at that.

Moreover, it is widely held, at least in certain circles, that these provisions, even though they are described as "social", serve what is to all intents and purposes a purely economic end, in keeping, incidentally, with certain principles enshrined in the Treaty, for example, to avoid so far as possible what are known as "distortions of competition". Article 119, guaranteeing the above-mentioned principle of equal pay for men and women, is cited as a case in point. It is pointed out (and this is undeniably true) that this provision was written into the Treaty at the express request of France, which had established equal pay and was anxious to guard against competition, particularly in specific industries, from other countries where equal pay was far from being the rule.

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It is argued, therefore, that the function of Article 119 is to protect any State against distortions of competition caused by disparities between women's wages and men's, and that consequently - this is not always plainly stated, but it is implicit and a logical extension - once it had been established that there were no distortions of competition due to wage systems, there would be no reason for demanding the implementation of the principle of equal pay as laid down in Article 119.

More generally it could then be argued that all social provisions subserve an economic end. Freedom of movement for workers could be said to be in reality merely a means of ensuring throughout the Community area the best combination of the factors of production, and occupational training, too, could be said to have no other aim than that of using the labour force more efficiently and more in keeping with the requirements of the new productive processes. The Social Fund could be seen as blending with these objectives that of avoiding serious breaks in production (and breaches of public order) caused by discontent among unemployed and laid off workers; as for the close co-operation between the Member States in the social field, the only ultimate aim it could be argued, is harmonization of welfare provisions, that is to say, in substance; levelling up the corresponding charges and therefore production costs.

I do not believe that the social provisions of the Treaties of Paris and of Rome can be viewed from such a narrow angle. First and foremost, it is certain that the economic motives which determined or helped to determine, the inclusion of a clause in the Treaty may when it comes to be implemented have a very modest and limited scope; even if it was based on considerations of competition, Article 119 was quite rightly not included among the rules governing competition. On the contrary it figures among the provisions of social policy, which both now and in the past has, in every free modern State, had its own clear and precise

function: that of helping to establish true equity between the various social strata and so give a genuine content to the principles of liberty and equality as written into each constitution, for in a modern democracy it is not right that such principles should merely be paid lip service.

The Community's action should pursue no other ends in respect of the clearly expressed social aims of the Treaty; on the strength of which the entire Community has most authoritatively been proclaimed to be a social Community, on the grounds that it is beyond all question the social objective which predominates.

This demand for real social justice is all the stronger in our Community since the mere creation of a single market of 170 million people at a time when new techniques are revolutionizing the organization of production has brought about a sizable, and in a sense, unexpected increase in output and in income. Now, we cannot allow the advantages stemming from all these new ventures and factors to benefit only a few groups or categories of person; we cannot allow - I will not go so far as to say a recurrence of those forms of social degradation that were a feature of the first industrial revolution - but even any form of unfair distribution of wealth, which the conscience of the people would nowadays reject out of hand.

So we must show, with deeds rather than words, that the system of Western democracy, resolutely clinging to the principles of political freedom, is capable of guaranteeing social justice even in the complex situation arising from the creation of a single European market.

The demand is all the more peremptory and concrete because our experiment - if it is still possible to call it a mere experiment - is not simply economic in character and purpose: economic integration is not in fact the ultimate end of the Treaties of Paris and Rome. Nor by accident does the Preamble to the Treaty of Paris establishing the ECSC state: the Contracting Parties were "resolved... to establish, by creating an economic Community, the foundation of a broader and more closely knit Community among peoples long divided by bloody

conflicts; and to lay the foundations of institutions capable of ~~giving direction to their future common destiny~~. Was it by any accident that the Preamble of the Treaty of Rome affirms the determination of these same Contracting Parties "to establish the foundations of an ever closer union among the European peoples".

Economic integration is the means towards a closer and deeper integration between these peoples, their political integration. It is an important and essential pre-condition, but by itself it is not enough. Indeed, guaranteeing "a steady expansion, a balanced trade and fair competition", will not suffice to break down the barriers dividing Europe and to create a firm political union of the European peoples. What is also needed, and needed most of all, is that these peoples should accept and desire such a union, that they should acknowledge it as the best and most appropriate instrument of political and social organization, so that the European ideal may become the common heritage of our generation and of our peoples. This will be possible only if the first common institutions, the economic Communities, are able to secure effective social justice, a fairer distribution of created wealth between the social classes. Hence the need for a discerning and fearless social policy, going hand in hand with the progress of economic integration and supporting it by equitable shares for all thus avoiding not only economic but also social distortions which are the real obstacle - not always noticed in time - not simply to a common market but also to any form of really civilized society.

The social policy of the Community thus becomes an indispensable tool for the achievement of this goal; it becomes an essential component of the ultimate object of the Treaties of Paris and Rome: the political union of the European peoples.

If these considerations are borne in mind, the principles proclaimed and regulations prescribed in the Treaties with regard to social policy will be seen in their proper light. The abolition of discrimination in employment and the free movement of workers throughout the Community are no longer and not merely seen as means of ensuring mobility of manpower and the best combination of production factors, but also and above all, as the first important aspect of

that common, European citizenship, which is now beginning to emerge. Vocational training and the Social Fund are not only means of promoting the best combination of the factors of production through suitable mobility of labour, but also and above all instruments of social betterment, of greater physical and moral welfare for the workers. Besides being a means of eliminating real or imagined distortions of competition, the principle of equal pay for women, is intended first and foremost as the affirmation of a genuine, concrete equality of labour rights for all Community workers - women as well as men. Lastly, the object of the harmonization of social systems is not only the levelling or alignment of employers' charges and obviating distortions of competition, it is primarily to forge an instrument of social progress and betterment, towards a higher standard of living for all categories of workers.

These considerations and principles help us to understand why relations with the trade unions and the employers' federations - commonly in fact referred to as "les partenaires sociaux", our fellow workers in the social sphere - have loomed so large in the Community's social policy. It is fair to say that co-operation with the "partenaires sociaux" has been established at all levels, ranging from ordinary surveys and research to the formulation and adoption of Community decisions. In the most important cases, such co-operation has even been institutionalized; representatives of both sides of industry sit on the Economic and Social Committee, the Committee for the Social Fund, the Consultative Committee for the free movement of workers and others as well. Thus, through their best qualified representatives, the forces of production, especially the workers, have their say in the building of the new Europe.

The record of the six EEC countries in the social field at the end of the first stage of the Common Market shows that Community policy is capable of finding a solution to the most deeply human problems of labour: a very high level of employment, unemployment tightly curbed and in some areas completely eradicated, an increase in real wages not outstripped by the rise in the cost of living, shorter working hours: these are the main credit entries on our countries' social balance sheet. But continuing progress has been made in many other ways, by legislative action or through collective bargaining agreements or again through spontaneous initiatives in which it would be very difficult not to see the beneficial influence of the introduction of the Common Market.

The action which the European Commission is pursuing with a clearly defined goal in view, to stimulate economic progress along the guiding lines set by social aspirations, forms part of a four-point programme. First it is marked by a growing tendency to consider employment and income problems from a regional angle, though of course against a national and Community background. In the second place the Commission favours longer schooling for young people and improved vocational training facilities and methods. Third, it is hammering out a stable income policy, more or less formally and at the highest level, among all the authorities concerned, with a view to the improved co-ordination in broad essentials of the use society makes of the fruits of expansion. Lastly, it is pressing forward the progressive extension of social security to all categories of the population, and the relative improvement of certain specific benefits, particularly old age pensions.

This is a record which clearly demolishes some of the criticisms advanced beyond the iron curtain as to the social effects of the economic integration of the six European countries, in which the peoples themselves are conscious participants and of which they are the first and most direct beneficiaries.

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If time permitted, it would be interesting to review the various social regulations already in force in the Community; for example, the provisions concerning the free movement of workers; supplemented by those on the social security of migrant workers, and embracing something like 600 000 workers or, counting their families as well, about a million and a half persons. I may as well make it clear here that the system of free movement provided for in Articles 48 and 49 of the Treaty, which was the subject of the Regulation issued last year (a second Regulation is now being prepared, and the final text is to be ready by the end of the transition period, i.e. before 1969) does not give a blanket authorization for any job-seeker to move about within the Community: it is true that the worker can freely travel and in this respect no obstacle should be placed in his way, either in his country of origin or in the country to which he travels, but he may only do so in response to an "offer of employment actually made". The vacancy must therefore exist and be offered to the worker; this avoids any uncontrolled movement in search of a non-existent job - a source of disappointment for the worker and, understandably, of concern and complication for the public authorities and industrial organizations.

The misgivings recently expressed by some countries anxious to join our Community but dreading the prospect of being invaded by masses of unemployed Italians willing to accept any kind of job, are therefore quite unfounded. Workers from other countries of the Community will only be admitted provided they can produce an actual offer of employment in the Member State. This quite apart from the fact that boom conditions in Italy already mean that many "actual offers of employment" from other Community countries go unheeded: the very marked shortage of manpower, particularly of skilled manpower, in the Netherlands and the Federal Republic of Germany has now for some time been apparent in the industrial areas of Northern Italy as well. Anyway, provided that there is an actual offer of employment, a worker is free to move about the territories of the Community states, to establish his domicile in one of them in order to ply his trade, and to stay there, subject to certain conditions, after having held a job. And any discrimination on grounds

of nationality concerning the job, pay and other working conditions is out of the question.

Thus there is the world of difference between a European worker of today and the emigrant of former times. This fact finds the clearest confirmation in the specific rules applicable in the field of social security: these allow the consolidation of all periods of work and insurance in different countries, the retention of all existing or accruing entitlement to benefit, and the payment of benefits to persons resident on the territory of other Member States. These rules, therefore, go beyond the sometimes strict limits imposed in each of our countries on the applicability of the various social security standards. They represent a particularly valuable innovation, for which the European Communities (the ECSC made a major contribution to the drafting of the regulations) can take full credit; they may still be over-complicated, mainly on account of the complexity of social security arrangements in the various countries, which we hope can now be simplified on the basis of the first three years' experience under the new system.

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I should also like to mention briefly the European Social Fund, set up to promote the geographical and occupational mobility of workers within the Community. The Fund contributes fifty per cent of certain expenditure incurred by the Member States in providing jobs for workers by means of re-training or re-settlement grants, or assistance for workers put on short time or laid off because of a switch to another kind of production. The first payments from the Social Fund in respect of action taken by Member States for the re-training and re-settlement of workers, from the entry into force of the Treaty until almost the end of 1960, total not more (perhaps in the end less) than Bfrs. 1 000 million. No very large sums are therefore involved, but in all likelihood they will be proportionately heavier in future as national legislation is to some extent brought into line with the rules established for the Social Fund.

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And at this point I should like to refer to another fundamental aspect of the Commission's social policy: the general principles of occupational training, by which the six countries can pursue a common policy in this field, and which are to be adopted before the end of the year. In conjunction with the free movement of workers, the common policy of occupational training will afford the soundest basis for putting into effect a genuine Community employment policy.

It should be made clear that such principles do not imply imposing the same systems and the same methods of training on all Member States. The targets should be the same and the programmes to be implemented should be established by joint agreement at Community level, but each State will be able to choose the means it considers most suitable, and the systems it deems most appropriate to its own organizational structure and traditions. It is also certain that a common policy of occupational training will be at once a prerequisite and a consequence of any policy for the free movement of manpower. Whereby one of the biggest current labour problems can be solved - keeping the labour force constantly abreast of new requirements and new production techniques.

A detailed examination of each of these systems would be out of place in this report (everyone of the problems would deserve a whole lecture to itself), but I should like to touch briefly on the problems connected with the harmonization of the social welfare systems, if only because action in this direction will in my view constitute one of the most important aspects of the Community's social policy during the second stage and in years to come. I do not mean by this that the other aspects which we have glanced at above will be neglected in the immediate future (for example, the free movement of workers and the social security system applicable to them are about to be supplemented by at least four regulations - for seasonal workers and frontier workers - now being drafted); all I want to do is to stress the importance to be attached to the

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Community's action for the harmonization of social systems in the near future.

According to the Treaty, such harmonization is to be mainly secured through the working of the Common Market itself, but the Commission is also specifically required and enjoined to promote it and speed it up, and so promote improved living and working conditions for labour with a view to the equalization of such conditions in an upward direction. In this connection, the Treaty lays on the Commission the duty of promoting close collaboration between Member States in the social field, notably in certain specified matters, such as employment, labour legislation and working conditions, occupational training, social security, etc. This collaboration is to be given substance by action taken in close liaison between the Commission and the Member States, particularly through studies, the issuing of opinions and the organization of consultations.

These provisions of the Treaty do not seem to confer particularly extensive powers on the Commission: in fact, opinions, which are the only true legal enactments likely to be made in this field, are not binding on those to whom they are addressed, and are probably less effective than recommendations, though these are not binding either. Nevertheless, criticisms are sometimes levelled at the Commission on this score from several quarters.

Some maintain, for instance, that harmonization may result from or lead to "dirigisme", to measures imposed by authority from above. This shows an ignorance of the limits fixed by the Treaty, which cannot be overstepped: until proof of the contrary, the carrying out of studies or the issuing of opinions may, of course, indicate a certain bias, a given slant, but they will never constitute "dirigisme" or the use of compulsion. If it is then alleged that the harmonization of social systems might be better achieved by spontaneous action, this is to forget that the Treaty acknowledges the validity of such spontaneous action, but also the validity and usefulness of the special procedures provided for by itself, which unquestionably include the close co-operation of which we have been speaking.

However, it is worth pointing out that the Treaty provides in some cases for broader and more far-reaching action by the Commission. Such action mainly relates to the case in which an existing disparity in the statutory or administrative provisions of the Member States "distorts the conditions of competition in the Common Market and thereby causes a state of affairs which must be eliminated". In this case the Commission can, as a last resort, adopt directives compulsorily binding on the Member States. But here, clearly, we are dealing with a case concerning competition and not social harmonization, although the latter may be a consequence of the former.

Others fear, on the other hand, that harmonization may hamper the most developed and advanced groups, that it may hold them back and even tend to pull them down to the lowest common denominator. These fears are equally baseless. Harmonization must lead to an improvement in living and working conditions if it is to permit their equalization in an upward direction: the phrases "improvement" and "in an upward direction" should leave no room for doubt that the intention is to encourage and press forward the upward movement without getting in the way of further progress for those who have already reached a high level.

The truth is that the concept of social harmonization, and of the harmonization of social systems, has still to be fully worked out and defined. This observation was made some months ago by M. Nederworst, in a report he presented to the European Parliament. And though it can be asserted without fear of contradiction that harmonization is not a synonym for equality and sameness, the positive content of the concept cannot be defined with equal assurance. That harmonization should not lead to equality or identity of systems, and that the Treaty is not designed to secure uniformity of social regulations throughout the Community, is demonstrated by the very fact that even within our countries there are fairly marked regional disparities in welfare arrangements which cannot be eliminated as they are warranted by essential needs that must not be ignored. On the other hand, the problem of determining how far harmonization can be taken is a matter which in my opinion must be settled case by case - pragmatically, so to say.

At all events, I note that in this case, as in others, the practical implementation of the tasks assigned to the Commission will help to overcome any remaining qualms and, through the practical results achieved, give shape to a concept that does not lend itself to a priori definition in theoretical terms. An initial task now completed, the compiling of a single list of the diseases regarded as occupational in our six countries, should be particularly eloquent in this respect: it is the subject of a recommendation to be addressed to the Governments in the next few days, with a view to fuller safeguards by way of insurance and prevention. Apart from this, the Commission embarked on intensive activity in this field as much as a year ago: in agreement with the Governments and with the workers' and employers' organizations, close co-operation was begun, according to a pre-arranged plan, in pursuance of the objectives laid down in the Treaty in the fields of collective bargaining, protection for women and children at work, working hours, and the whole vast field of social security.

This concrete action has already led to an application of the terms of the Treaty that in a sense transcends the latter without running counter to it. As we have already seen, the Treaty talks of close co-operation with the Member States in the social field. But in each of our States, and at the Community level as well, the workers' and employers' organizations are active in this field and it would really be putting the clock back to attempt anything without their participation. For this reason - and no one has seen fit to raise any objection - the close co-operation mentioned in the Treaty is now invariably established on a tripartite, or rather a quadripartite basis, since the Commission also has a voice in the matter. Where in some cases, one of the bases on which this quadripartite arrangement rests has been left out, it has been the Government element; and the close co-operation has been between the Commission and the employers' and workers' organizations. Naturally the issue was one which in each of our States falls within the sole competence of these organizations: that of collective bargaining between employers and employees. So this quadripartite or tripartite arrangement, is another factor - the point is one worth making - ruling out the alleged "dirigisme".

I should like to put to you one last point concerning this activity which, as I was saying just now, should constitute the main feature of the Community's social policy during the second stage, and probably throughout the transition period.

The harmonization of social systems, as we have already repeatedly said, is one of the means of promoting improved living and working conditions for labour with a view to their equalization in an upward direction and therefore the attainment of one of the Treaty's objectives. But harmonization of the social systems and the "equalization in an upward direction" that stems from it are also one of the essential pre-conditions for achieving another much loftier objective of the Treaties of Paris and of Rome: political integration, the ever closer union of the European peoples. A firm political unity can allow of some pretty bold forms of political and administrative decentralization; in a federal State units with somewhat varying political structures (though always rooted in the same principles of democracy and liberty) can safely co-exist; but a political unity would probably not be possible and not strike root properly in democracy and liberty if, within itself, it allowed of widely varying social structures neither justified nor justifiable on particular grounds. For this reason I regard social harmonization and the work to promote and achieve it as being of quite fundamental importance. And accordingly I believe that we should give all our care and strength during the second stage of the Common Market to this objective. I should like to make one last point and I shall deliberately confine myself to a single observation and a single hope, since the subject-matter in itself would supply an entire lecture, or rather series of lectures. I mean the applications for membership of our Community by various European States, headed by Great Britain, and the applications for association by other States. These applications are the best proof of the vitality of our Community institutions, of the validity of the initiative taken in the Treaties of Paris and of Rome. We very sincerely trust that the negotiations now under way will soon be brought to a tangible and satisfactory conclusion. And it can

only be satisfactory for us if the spirit of the Treaties and their ultimate aim - the political unity of Europe - are fully respected and guaranteed, if the Community's social policy, which is one of the most efficient instruments for attaining this end, has its arm strengthened by the admission of States in which the workers, organized in strong trade unions, play a major role.

It is on this note that I should like to end my talk, and to thank you for your kind attention.
