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INFORMATION MEMO

Social developments in the Community in 1962

The sixth survey of "Social Developments in the Community" recently forwarded to the European Parliament reviews developments in the course of 1962 in the following fields: total population and working population, business trends, employment, labour relations, wages and working hours, vocational training, social security, industrial health and safety, low-cost housing, family questions and social services.

The following are large extracts from the Introduction and salient points - intended mainly to serve as a guide to readers - from various chapters.

INTRODUCTION

The outstanding feature of the social situation in the year under review was a new and vigorous rise in money wages contrasting with the generally rather slower expansion of the economy.

The wage and salary increases obtained, which were accompanied in several countries, particularly Italy, by further agreed reductions in the working week, again largely reflected productivity advances already achieved or going on in the various sectors of the economy. But prices, particularly consumer prices, showed a much more lively upward trend than in 1961. The real increase in workers' income, although noteworthy, was thus distinctly less than the nominal increase. Progressive income taxes and, in some countries, a higher ceiling for social security contributions also helped to reduce the actual advantages obtained.

The Commission has already expressed elsewhere its concern, from the economic policy angle, at the emergence of inflationary trends and it is similarly preoccupied by the social aspects of these trends since unstable prices cannot fail to impede the harmonious growth of incomes. The trend observed in 1962 has therefore strengthened the Commission's conviction that the necessary overall balance between the pace of social advance and of the economic progress which makes it possible is too difficult of achievement to expect it to result spontaneously from sporadic action; it can only be ensured by associating the economic and social aspects of development in a coherent system of forecasting.

Once it has become an integral part of a global policy, social policy will be better able to harmonize its specific action with the implementation of the other common policies. And this will be even more the case since the main accent will be laid on long-term efforts. Those responsible for social policy will also be able to see that due regard is had to the social aims of the Treaty in working out general

Community policies.

At the same time as its role as a particular aspect - we might say a technical aspect - of a coherent growth policy comes to the fore, the Community's social policy will increasingly inform the other common policies with its essential concern, which is to ensure the fairest possible distribution of the fruits of progress.

Following the lines of the Action Programme for the second stage, an agreement to get beyond the traditional opposition between the "output" and "welfare" points of view is first needed in the field of employment policy, in the quest for a balance between labour supply and demand which shall not be merely general and quantitative but also prevail at the various levels of qualification and, as far as possible, within each of the main regions making up the Community.

In this way optimum employment could be attained: optimum, because it would ensure the best possible use of labour potential and because it would be the most satisfying for the workers themselves, who would have a better chance of finding congenial jobs without being obliged to go far afield.

The pursuit of such an objective requires wider possibilities of influencing manpower policy than those which have appeared so far at Community level. However necessary and important they may be in the light of the aims to be achieved, the Community mechanisms already in use do not constitute adequate political means of guaranteeing satisfactory and lasting adaptation of men to jobs and of jobs to men. Moreover they are unilateral, since they can only act on manpower supply and not on demand. Such an adaptation would require closely linked and convergent development and manpower policies.

The first need if these two interlocking policies are to succeed is to take a sufficiently long-term view of the growth prospects of the productive system, with particular emphasis on balance between manpower supply and demand.

The Commission notes that although, with the recent adoption by the Council of the general principles of a common vocational training policy, the machinery for implementing a Community manpower policy is now installed or about to be installed, it is undeniable that the aims of this policy are not yet sufficiently tied together nor co-ordinated with those of development policy.

Similarly, the Commission could not apply, in co-operation with the Governments and the employers' and workers' organizations, a Community policy of approximating social conditions, i.e. norms of remuneration, working hours, housing, workers' health and social protection without placing it against the background of general economic development on which it is necessarily more or less closely dependent. In its Action Programme the Commission therefore emphasized the need for a policy on wages and incomes which should ensure that economic progress and social improvements go hand in hand.

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TOTAL POPULATION AND WORKING POPULATION

The increase in the Community's population was 2.3 million in absolute figures, or 1.4%. This was much higher than during the preceding years, and the exceptional growth was due to the sudden swelling of the population of France through massive repatriation from Algeria. In the other countries there was no appreciable change in the pace of demographic growth. Working population in the Community, estimated as an annual average, rose from 73 million in 1961 to 73.6 million in 1962. This increase, at 0.8%, was slightly higher than in the previous year. The two most remarkable facts about the trend of the working population are a standstill in Italy and, by contrast, a distinct acceleration in France.

EMPLOYMENT

The annual average number of persons in employment in the Community as a whole in 1962 was 72.4 million, an increase of about 640 000 units, or 0.9% over 1961. The rise was therefore less marked than in 1961, when it reached 770 000.

The increase in employment has been accompanied by certain shifts in its breakdown between the three sectors of activity: it has continued to fall in agriculture and has increased in industry and services.

The reduction in numbers working in agriculture, which seems to have been somewhat less sharp than in 1961 was, nevertheless, 400 000 for the Community as a whole. Employment in industry and services therefore went up more than a million.

Several years of rapidly expanding employment and of manpower transfers from agriculture to industry and services have produced a breakdown of numbers between the sectors which is already notably different from what it was when the Rome Treaty came into force. The share of agricultural employment in total employment is now only 19.5% instead of 22.7% in 1958, while the share of employment in services has risen from 35.3 to 37.4% and that of industrial employment, less strongly, from 42.0 to 43.1%. However, the rates for the various countries are scattered around these average proportions.

It is in agriculture that this scatter is the widest. It ranges from a maximum which is still nearly 30% (Italy) and a minimum of less than 10% (Benelux).

Although the level of unemployment in the Community is the lowest ever recorded the situation under this head is not to be considered as entirely satisfactory. As unemployment declines the hard core still remaining tends to be predominantly the unskilled, or workers whose skills are unsuitable or obsolete. Age or geographical situation often aggravate the situation.

Demand on the still existing manpower reserves, particularly of skilled industrial workers, has continued strong, so that in most regions of the Community the tightness which was a feature of the labour market in the preceding year has continued.

LABOUR RELATIONS

1962 saw a further improvement in the economic and social situation of workers in the most varying sectors.

The feeling that they represent a factor making for orderly relations between management and labour has now led employers' and workers' organizations to co-operate more with each other. The greater responsibility of both sides of industry for wages policy in the Netherlands is one sign of this trend.

Similarly, the feeling that the new European framework must be considered in relations between employers' and workers' organizations has been strengthened.

Relations between employers' and workers' organizations have been marked by the importance for the functioning of the economy attributed to mutual understanding and to the working conditions fixed in common by these organizations which have therefore been engaged, quite as much as some Governments, on establishing objective criteria applicable to wage policy decisions and on the co-ordination with general economic policy objectives of other efforts to improve working conditions. To this end the central organizations of the various countries have met - with Government bodies sometimes represented - to discuss current problems. These tendencies also appear in the long-term agreements reached between the two sides of industry concerning certain social policy measures.

WAGES AND THE WORKING WEEK

In all the Member States the rapid upward movement of wages observed in the preceding years continued. Despite the reduction of the working week in Germany, the Netherlands and particularly in Italy, the gross income of wage-earners rose by nearly 10%, or even a little more, partly as a result of increased employment, but particularly because of the sharp wage increases which occurred in four Member States: the Federal German Republic, France, Italy and the Netherlands. For this reason the gross income of wage-earners in these countries has increased more rapidly than the national income.

The average negotiated wages of workers went up by about 10% in 1962 over the 1961 average in Germany and the Netherlands. In Italy the rise was 11% in industry and 15% in agriculture. In the two last-named countries negotiated wages went up, between the end of 1961 and the end of 1962, by 10% to 13.3% (Italian industry) and 24% (Italian agriculture), while in the Federal Republic of Germany they rose 8.5%. In France the minimum guaranteed wage has been put up twice, the total increase being more than 7%; for negotiated hourly wages the increase was probably slightly higher. In Belgium it was around 5 to 6%.

In most cases during the year under review the rise in actual earnings was even faster than in negotiated wages or in earnings in 1961. If we simply compare gross hourly earnings of industrial workers, we note an increase of about 15% for Italy, 12% in Germany,

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about 9 to 10% in France and the Netherlands, and between 6 and 7% in Belgium and Luxembourg.

Prices did not increase so much as to cause the rates of increase in the real income of workers to fall below those of the previous year.

The working week again shortened in most member countries, particularly in industry, following agreed reductions. It was Italian workers who obtained the most important concessions in this respect during the year. Their actual working week decreased on the average by a little more than two hours.

VOCATIONAL TRAINING

The adoption by the Council of general principles for a common vocational training policy (2 April 1963) comes at a time when competent circles in the member countries are increasingly of the opinion that training for a single specific occupation will no longer meet the growing requirement at all levels for skilled workers and supervisory staff capable of adapting themselves constantly to transformations of the economy and of techniques. Skilled work is more and more losing its purely handicraft character and demanding technical qualifications which require considerable theoretical background and all-round training.

The authorities and private industry in the Member States are endeavouring to introduce teaching and vocational training systems sufficiently flexible to be adapted constantly to the new requirements of technical and economic progress.

As the training facilities are not always situated in the areas where they are most needed, the Governments and business have taken certain measures to improve the situation. In Italy, despite the endeavours of the public authorities, which, in conformity with the law of 29 April 1949, are spending in the Mezzogiorno at least half the credits of the Fund for vocational training, the South and the Islands are still lagging behind in the provision of these facilities.

In France a new policy is tending to reverse the traditional attitude which was to train workers where employment existed. The aim today is also to train for employment in other regions. This is the case especially in rural areas, where training will be given both to manpower to work on the spot and to persons who will move away.

The "Vocational Training" chapter deals, among other things, with the job preferences of young people, the shortage of teaching personnel and the use of modern teaching media.

SOCIAL SECURITY

The year's balance-sheet contains several points which can be considered favourable from the point of view of harmonization. As examples we may quote endeavours in France and, particularly, Italy

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to align the position of agricultural wage-earners on that of industrial workers, the improved situation of invalids in the Netherlands (hitherto particularly unfavourable) and German, Belgian and Italian schemes to adjust industrial accident pensions to the economic trend.

But the trend noted in the Community is not completely uniform: progress is rather patchy from country to country and is not always at the rate which economic development would permit. It must be recognized that in some cases greater efforts could have been made to remedy serious shortcomings. Furthermore, the solutions adopted in the quest for progress are sometimes based on widely divergent concepts. The most typical example is the gradual change which is going on in the Netherlands and which is tending to bring the whole population under a series of national insurances, whereas in Germany, on the contrary, tendencies to keep the scope of social security limited continue to predominate.

One of the achievements of the European conference on social security called in December 1962 by the Executives of the three Communities was to bring out more clearly where legislation in the six countries converged or diverged, particularly with regard to recent trends and the conclusions which may be drawn from these for the future.

INDUSTRIAL HEALTH AND SAFETY

One of the essential problems arising from the action of the Member States during the last year is how to co-ordinate effectively at European level the work of the various authorities and specialist national committees working on the technical side of regulations in preparation for the move from a national to a supranational framework.

LOW-COST HOUSING

The total number of dwellings completed in the Community in 1962 was slightly above the 1961 level, which was unchanged from 1959. But if we look more closely at the figures we note that all the countries fell back in relation to 1959, with the exception of Italy.

It is also inescapable, on the basis of the available data, that a further general fall took place this year in the share of low-cost dwellings in total housing completed.

FAMILY QUESTIONS

In the Community countries as a whole an increased awareness of family and demographic problems can be noted. However, little was done in 1962 to narrow the disparities in the amount of family allowances. On the contrary, Belgium and France, the two countries which appreciably increased their benefits during the year, are those where allowances were already the highest. It is becoming clearer that family welfare policy cannot be restricted simply to financial aid but should provide equipment and services adapted to

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the present requirements of families.

SOCIAL SERVICE

Along with the work on problems of training welfare workers, efforts have been made in all the countries to improve both the scope and quality of social service. The services which have expanded most are those for young people - in view of the problems they raise in all the countries - and those for the old - in response to the aging trend of the population and the greater general awareness of what is needed. Assistance to migrant workers is also progressing, both because of the increase in migration itself and as a result of Community measures, particularly the Commission's recommendation to the Member States concerning social services on behalf of workers moving to other Community countries.