

COMMISSION  
OF THE EUROPEAN COMMUNITIES

Preliminary guidelines  
for  
**A SOCIAL POLICY PROGRAM  
IN THE COMMUNITY**

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Preliminary guidelines  
for a community social policy  
programme

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## INTRODUCTION

In these "Preliminary guidelines for a Community social policy programme" the Commission has not attempted an exhaustive analysis of all the problems at present facing individual Member States or the Community as a whole. This would, in fact, have been impossible because there are too many gaps in the information available and many essential data are not comparable.

Both in its analysis and its suggested targets, the Commission has tried to identify the points which, in its view, should be given priority treatment, having regard to the means available to the Commission, the nature of the Treaties and the logic of co-ordinated action.

This document is addressed not only to the Council of Ministers, but also to the Parliament, the Economic and Social Committee, to the Consultative Committee of ECSC and both sides of industry. Its main purpose is to stimulate as many ideas as possible with a view to the progressive formulation of a consistent programme of action, so that the close concertation of Member countries' social policies stressed by the Conference of Heads of State or Government, held in The Hague in December 1969 can be achieved by stages.

These preliminary guidelines should not be read as formal proposals but as a substantial contribution to a wide-ranging discussion, without which it would be impossible to achieve the required consensus and the essential political will.

## Chapter I

### GENERAL SURVEY

Now that the Community has embarked resolutely on the road to economic and monetary union, social policy appears in a new light.

Originally, with one or two exceptions, "improvement of the living and working conditions of labour so as to permit the equalisation of such conditions in an upward direction" was generally expected to be achieved more "from the functioning of the Common Market which will favour the harmonisation of social systems" than from "the procedures provided for under the Treaty and from the approximation of legislative and administrative provisions" (EEC Article 117). As social policies are closely linked to complex, shifting and often specific balances, this view was understandable and, in any case, foreseeable when the Community took its first pragmatic steps and tried to avoid creating more obstacles. Laying the foundations for a genuine Common Market of persons, goods, services and capital was already a sufficiently daunting task without adding to it automatically and somewhat arbitrarily by being over-ambitious. Social policy was regarded primarily as an essential adjunct to the move towards customs union and achievement of the more or less spontaneous economic integration which was to follow from it.

The terms of the problem have been changed by the prospects opened up by the achievement of economic and monetary union. The economic and social aspects of the process of integration will, of necessity, become increasingly inseparable. The success of the whole process will be jeopardised if economic and monetary integration and social integration do not take place simultaneously.

Again, the achievement of economic and monetary union itself takes on its true dimensions by the contribution which it can make to fulfilling the *major aims of society*, on which there is a wide measure of agreement in Member States :

- *full and better employment*, so that everyone can take an active part in life and the best possible use is made of the available man-power, by the adaptation of education and vocational training policy to match the faster rate of technological change in the modern world and the intensification of internal and external competition. Security of employment cannot be taken to mean complete immobility any more than essential mobility can be allowed to imply permanent insecurity. That is why workers must have an assurance that their wages will be maintained while they are being retrained and that other expenses resulting from a change of job will be reimbursed. The assurance of greater equality of opportunity to everyone

from the outset is both a moral requirement and the condition for obtaining the best possible return from individual and collective efforts.

- *greater social justice*, first through the fairer distribution of incomes and wealth, with a consequent substantial improvement in the standard of living of the great majority of the population, particularly among groups outside the dynamic sectors of the economy and, secondly, by guaranteeing the best possible protection to individuals in a variety of circumstances, such as illness, disability, unemployment, industrial risks, support of dependants and old age, by way of redistribution through social security schemes, which supplement taxation in this respect.
- *better quality of living*, not only through an improvement in working conditions as such but also by the effective protection of physical and mental health against "nuisances and hazards" of all kinds, by safeguarding and improving the environment and living conditions and by greater provision for social and cultural needs in general.

Economic and monetary union, with all its consequences, must contribute effectively to improving living conditions and the general well-being if European integration is to obtain the wholehearted support of the population and particularly of the young people who expect the building of Europe to produce a new society to match their fondest aspirations. This will call for the establishment and strengthening of economic and social democracy, involving both the democratisation of economic and social structures and enhancement of the role and independent responsibilities of employers' and workers' organisations at Community level.

The third medium-term economic programme reveals a clear awareness of these new realities. In its first chapter, it states clearly that economic policy "must serve the aims of society": "the Community's economic policy cannot be limited to the joint targets of growth and stability. It takes on its proper significance by its contribution to improving the conditions of existence; it must aim both at raising the standard of living and improving the quality of life; it must also help in achieving greater solidarity for the benefit of the least-favoured groups of the population".

"To meet these requirements better, the greatest importance must be attached to the interaction of economic and social progress. Balanced, sustained economic development is essential for social progress; but satisfactory economic development in turn requires security and progress in the social field. Our societies must succeed in reconciling these two aspects".

Going even further, the third programme clearly stresses the change of approach which has taken place since The Hague: "the Community is aware of these needs; it is equally aware of the present limits on the action it can take. Against the background of economic and monetary union, the *general aims of*

*social development* which are at present the targets of national policies, *will gradually become the objectives of Community policy*. It is important, here and now, to identify the general objectives which all member countries regard as priorities :

- "— greater satisfaction of collective requirements, particularly as regards education, health and housing, so as to ensure balanced progress and a fair distribution of goods and services ; in most member countries, this priority will mean that private consumption will increase a little less quickly than the national product, so that communal benefits can be increased more rapidly ;"
- "— increased efforts to combat the harmful effects of growth on the environment (air and water pollution, noise, excessive urban growth) ; the principle that those responsible for causing such nuisances should also be responsible for their prevention and cure should be progressively applied, taking due account of the conditions of international competition ;"
- "— greater equality of initial opportunities for everyone through the improvement of education and training policy ;"
- "— greater justice in the distribution of incomes and wealth ;"
- "— adaptation of social welfare schemes to modern needs and, in particular, increased provision for those worst affected by structural changes and technical progress and for those unable to take part in the productive process."

In order to bring economic measures more closely into line with social targets and ensure that they will be as effective as possible, it is vital that economic policies should not only take full account of social objectives but also that they should be interlinked in a co-ordinated Community programme. This programme must cover all factors contributing to a harmonious, balanced development and must allow for all the wide structural differences which still exist. Clearly, the options which will guide the lines to be taken by the programme, the targets to be achieved, the choices to be made, the time limits to be respected and the means to be used must form the subject of wide-ranging democratic discussions. This is not merely an ethical or political consideration ; the collective processes must be followed and this is inconceivable without effective participation by the people in their formulation and supervision. Here again, the third programme of medium-term economic policy refers to the importance of the "dialogue with both sides of industry".

"Closer co-ordination of member countries' economic policies against the background of economic and monetary union will call for a wider and more systematic dialogue between the two sides of industry and the institutions of the Community".

"The drafting of programmes of medium-term economic policy already forms the subject of consultations in the Economic and Social Committee. Representatives of employers' and workers' organisations will also have to be convened at appropriate intervals to discuss all aspects of the relationship between general economic policy and social policy and to try and work out more consistent and practicable economic policies by the regular concertation of aims and means of achieving them."

"Such concertation should extend to both the general lines of medium-term economic policy and the specific direction of Community activity in certain definite fields which concern the two sides of industry. The implementation of programmes will also have to be discussed with employers' and workers' representatives."

To this end, the fullest possible amount of objective and easily assimilated information on the problems to be resolved must be made available to as many people as possible.

### *Community action : justification and limits*

In the resolution of February 8/9 on the implementation of the economic and monetary union, the Council decided that "powers and responsibilities should be divided between the institutions of the Community and the Member States in such manner as may be required to maintain the cohesion of the union and ensure the effectiveness of the action taken by the Community".

The Commission is fully aware that merely to state the interdependence of economic and social development and to recognise the need for common final objectives in the social field is not enough to determine priorities or the means required to guide the action of the Community.

However, in the Common Market's commitment to the gradual achievement of economic and monetary union, full and leading account must be taken of the Community's social and human aspirations in its overall and structural policies and in any action taken.

The Community already has at its disposal certain financial instruments which it can use to promote various social measures in the Community; the Social Fund is the direct instrument but others concerned with regional development or industrial reconversion also have obvious social implications and should be further strengthened.

Again, some structural policies are extended or started through Community action; the aims of these policies must be consistent with the recognised social priorities of the Community.



Lastly, social measures introduced or planned by Member States must be co-ordinated and harmonised at Community level ; as the economies of the member countries become more and more closely interwoven, it becomes increasingly essential to maintain the overall compatibility of their economic development ; failing this, the creation of a competitive position could delay action, at national level, to promote social progress, if such measures were not included in a dynamic Community context.

Spheres of social policy which should be dealt with by the Community direct and those which should be harmonised at Community level will be determined by reference to the aims pursued and the maximum effectiveness of the means to be applied ; their limits will naturally change with the passage of time as progress is made towards economic and monetary union.

This is the spirit in which the reader should approach the chapter on objectives, where the Commission has tried to give a broad outline of what should be matters of common concern.

## Chapter II

### ANALYSIS OF TRENDS

#### A. Employment and vocational training

Over the last twelve years the proportion of productive age-group: in the total population has declined in all the countries of the Community, though a reversal of this trend can be foreseen in some of them. As a result of this development, the rate of activity — despite an increase of approximately 2 500 000 in the total number of people actually in employment, i.e. self-employed, those providing assistance to their families, and wage-earners — has dropped everywhere.

In this connection, a series of very far-reaching changes have taken place in the pattern of employment as between sectors: e.g. diminishing employment in agriculture and the declining industries, as compared with an increase, sometimes considerable, in expanding industries and throughout the tertiary sector (particularly in public administrations).

These changes have been amplified in individual undertakings by a steady increase in the ratio of office and executive staff compared with a drop in the proportion of workers.

Moreover, the level of employment as a whole has been very high, while acute shortages of labour have occurred in several regions of the Community. Immigrant labour has been used on a large scale in these regions, with a growing number coming from countries outside the Community, while the number of Italian workers remained largely unchanged.

Despite the general abundance of vacancies, a measure of unemployment has continued throughout: from 2 500 000 in 1958 it was still 1 260 000 in 1970. The rate of unemployment varies from region to region: it is particularly high in the peripheral regions of the Community and, above all, in Southern Italy (Mezzogiorno). Pockets of unemployment are also to be found in regions with only one industry, or where local industry is in decline. The causes of this uneven development were partly discussed in the Commission's Memorandum on regional policy and are now the subject of further studies and discussion to bring the situation up to date.

Furthermore, considerable inequalities can be noted in the rate of activity and the nature of employment of the female labour force.

Rapid changes in the structure of employment by sectors, the nature of the work and the qualifications required, coupled with the problems of regional

*under-employment and structural unemployment, call for the adoption of a series of co-ordinated efforts in various fields of activity, especially in vocational training.*

### Moderate increase in total and active population

A distinctive feature of the countries belonging to the European Economic Community is the moderate increase in the *total population*, which has grown from 169 million in 1958 to 186 million in 1968, rising to 188 million at the beginning of 1970. Assuming a slight decline is to be expected in the average annual rate of increase, the total population of the Community might be 196 million by 1975, and reach 202 million by 1980.

The *inactive age-groups of the population*, which include the age-groups of up to 14 years and those of 65 years and over, have grown from less than 34 % in 1958 to more than 36 % in 1970, half of this increase being due to the rise in the number of people of 65 years of age and over. The percentage of population of working age, i.e. from 15 to 64 inclusive, has declined proportionally, from more than 66 % in 1958 to less than 64 % in 1970.

As regards the inactive age-groups of the population, the share of the younger generation in the total population is larger in the Netherlands than in the other countries of the Community while the share of people aged 65 and over, who constitute a comparatively numerous element in Germany and France, is smaller.

### *Distribution of the population (1) by age-groups in 1968 (2)*

(in percentages)

Age group	Belgium	Germany	France	Italy	Netherlands
0 - 13	22.8	21.5	22.8	22.6	25.4
14 - 29	21.3	20.7	21.8	21.5	26.0
30 - 64	44.7	44.4	41.9	45.3	39.1
65 and over	11.4	13.5	13.3	10.8	9.4
Total	100.0	100.0	100.0	100.0	100.0

Source: "Population et forces de travail 1968" (Statistiques sociales 6-1969, Office statistique des Communautés européennes).

(1) Population of private households.

(2) Luxembourg did not take part in the inquiry.

The increase in the *active population* has been slower than the increase in total population during the period 1958 - 1970. However, in some countries of the Community, this trend will not continue in the next few years :

(in percentages)

Countries	Annual average increase in the total population		Annual average increase in the active population	
	1958-1970	1970-1975 <sup>(1)</sup>	1958-1970	1970-1975 <sup>(1)</sup>
Belgium	0.6	0.4	0.4	0.4
Germany	1.0	0.5	0.3	0.0
France	1.0	0.9	0.7	1.0
Italy	0.8	0.8	0.8	0.7
Luxembourg	0.8	0.5	0.5	0.4
Netherlands	1.3	1.0 <sup>(2)</sup>	1.1	1.0
Community	1.0	0.7	0.2	0.5

<sup>(1)</sup> Estimates for the third medium-term economic policy programme.

<sup>(2)</sup> Exclusive of immigrant labour.

In absolute figures, the active population of the Community rose between 1958 and 1970, from 74.2 million to 75.6 million, that is, an increase of nearly 1.5 million, or 2 %. However, whereas in Italy the active population declined by approximately 2 million, the other member countries recorded an increase of nearly 3.5 million in all.

### Sharp drop in unemployment

Over the past 12 years, the total volume of unemployment in the Member States has declined considerably. In 1970, the number of unemployed was about half the 1958 figure. All the Member States of the Community, except France, showed in this favourable trends. The rate of unemployment in the Community, i.e. the percentage of unemployed in relation to the active population, also dropped by one half.

### Number of Unemployed <sup>(1)</sup> in the countries of the Community

Country	1958		1970	
	1000 s	% of active population	1000 s	% of active population
Belgium	132	3.7	83	2.2
Germany	764	2.9	149	0.6
France	183	1.0	356	1.7
Italy	1 320	6.2	615	3.2
Luxembourg	0	0.0	0	0.0
Netherlands	100	2.5	56	1.1
Community	2 500	3.4	1 260	1.7

<sup>(1)</sup> The figures for the various countries are not comparable, because the definition of an unemployed person and the methods of registration are not the same.

## Persistent problems of Unemployment and Under-Employment

In spite of this substantial fall in total unemployment, there are still some *regions* in the Community where rates of unemployment remain comparatively high. Thus, sample surveys of the man-power position carried out by the Community in the Spring of 1968 and 1969 revealed that the rate of unemployment, i.e. people who said they were unemployed as a percentage of the labour force, was relatively high in the following regions <sup>(1)</sup> :

- Germany : the Saar and, to a lesser degree, Schleswig-Holstein, Lower Saxony and Bavaria ;
- France : the Mediterranean area and, to a lesser degree, the Paris area, Northern and South-western France ;
- Italy : Calabria and, to a lesser degree, Sardinia, Apulia and Basilicata, the Abruzzi and Molisa, Campania and Latium ;
- Netherlands : the Northern parts of the country ;
- Belgium : the South-eastern parts of the country.

In the Saar, the Mediterranean area, Calabria and the northern Netherlands the rate of unemployment was approximately twice as high as the average for the country concerned.

Another feature which varies in extent from country to country, is *unemployment among young people* and among *the elderly*. According to the results of the sample surveys mentioned above <sup>(2)</sup>, Italy, France, and to some extent Belgium also, all have extremely high rates of juvenile unemployment : for young people of between 14 and 19 it is upwards of 10 % in Italy, more than 4 % in France and nearly 4 % in Belgium (as compared with national average unemployment rates of respectively 3.2 %, 1.6 % and 2.6 %). By contrast, unemployment among older workers is chiefly a problem in Germany (which had an unemployment rate of 1.6 % among workers aged 60 to 64 years in the Spring of 1968, compared with an average rate of 0.8 %) and also in Belgium (5.6 % against an average rate of 2.6 %), while in Italy the rate of unemployment among the elderly is the lowest of all age-groups.

## General Drop in the Rate of Activity

Thanks to the integration and reinstatement of a large number of unemployed into productive occupations, *civil employment* <sup>(3)</sup> has grown faster than the active population, i.e. from 71.7 million in 1958 to 74.3 million in 1970. The increase was therefore 2.5 million, or 3.6 %. In Italy, total numbers

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<sup>(1)</sup> See "Population et forces de travail 1968", Statistiques sociales n° 6-1969, Office statistique des Communautés européennes, pages 52/53. Results of the 1969 inquiry will shortly be published (Statistiques sociales No. 4-1970).

<sup>(2)</sup> Idem pages 52/53.

<sup>(3)</sup> People actually employed (active population without unemployed persons).

employed have declined by 1 1/4 million, while in the other five Member States there has been an increase of nearly 4 million.

With civil employment rising less than total population — despite the fact that there has been immigration, sometimes on a considerable scale, of foreign workers into some of the countries concerned — the rate of activity has dropped in all the countries of the Community, the greatest decline being recorded in Italy and Germany.

*Civil Employment as a percentage of total population*

Countries	1958	1970 (1)
Belgium	39.0	39.4
Germany	47.0	43.8
France	40.9	40.4
Italy	40.5	34.5
Luxembourg	43.0	42.0
Netherlands	35.1	34.9
Community	42.6	39.3

(1) Provisional figures.

The differing rates of activity in the various countries are due partly to the age structure of the population but, principally, to the number of women in employment. In fact, there is a fairly close positive correlation between the total rate of activity and the rate of female employment: the results of the sample surveys which the Community commissioned in the spring of 1968 and 1969 revealed that the rate of productive activity among women of employable age was only 26 % in the Netherlands, 29 % in Luxemburg, 30 % in Italy and approximately 34 % in Belgium, but more than 40 % and 46 % in Germany and France respectively.

**Rapid changes in the structure of employment**

Considerable fall in the number of self-employed and family aids matched by an increase in the number of wage-earners

Special emphasis should be laid on the decline in the number of self-employed persons and family aids. The total dropped from nearly 23 million in 1958 to about 17 million in 1970; in other words: a reduction of more than 25 %. By contrast, the number of wage-earners rose during the same period from 49 million to 57 million — i.e. an increase of 17 % — representing 68 % of the productive population in 1958, and more than 76 % in 1970. The fall in the number of self-employed and family aids mainly affected the agricultural sector, but also involved commercial and handicraft activities.

This process is bound to continue, especially in agriculture. On the other hand, the number of self-employed in the tertiary sector is already higher than in agriculture, i.e. approximately 5 million compared with 4 million. A further increase in this particular sector can be anticipated in the years to come.

— *Employment Prospects: fewer in agriculture but greater scope in services industries*

The fall recorded in the number of self-employed people should be interpreted in the light of the more general changes in the structure of employment, as revealed by the table below <sup>(1)</sup> :

*Distribution of civil employment between major sectors (in percentages) <sup>(1)</sup>*

Sector	1955	1960	1965	1970
Agriculture	24.3	19.6	15.9	13.4
Industry	40.0	42.4	43.5	43.9
Services (including public bodies)	35.7	38.0	40.6	42.7

<sup>(1)</sup> See the second medium-term economic policy programme. Journal officiel No. L 129, p. 27 of 30th May 1969.

In the agricultural sector, numbers employed declined by 6½ million — that is, by 40 % — from 1958 and 1970, whereas employment in industry has risen by some 3 million, and employment in services (including administrative bodies) increased by more than five million. It is safe to assume that this trend will continue, which means that during the next five years two million people will be leaving agriculture. Conversely, industry will benefit from an increase of approximately 1¼ million people, and government services and administration from an increase of 2½ million. In 1980, the percentage of the population employed in agriculture will in all probability be in the region of 6 %, while the figure for services will be well over 50 %.

#### Declining and leading industries

As was recalled in the Memorandum on industrial policy <sup>(2)</sup>, although employment in the industrial sector appears to be almost stationary, far-reaching changes have been taking place within the sector.

In the coal industry, for example, the labour force fell by 625 000 between 1958 and 1970, that is, by nearly 60 %. This trend has affected all the countries of the Community. In Germany, the number of workers in the coal sector dropped from 600 000 to 246 000 between 1958 and 1970; in France, from 237 000 to 121 000; in Italy, from 5 500 to 1 600; in the Netherlands, from 63 400 to 25 400; and in Belgium, from 153 300 to 41 100.

<sup>(1)</sup> For details see Appendices.

<sup>(2)</sup> "La politique industrielle de la Communauté", pages 249 et seq.

In the same way, iron-ore mining in the Member States of the Community has had to cope with difficulties leading to the abolition of 37 700 jobs (out of a total of 58 100) during the same period. Of this total 19 600 were in Germany, 16 600 in France, 2 400 in Italy and 1 100 in Luxembourg.

Some branches of the manufacturing industries have also experienced particularly strong pressures. Chief among them were the textile, leather and shipbuilding industries. In the textiles sector, the number of workers in employment declined, up to 1969, by more than 400 000, i.e. by approximately one quarter, of whom 200 000 were in Germany, 100 000 in France, and 70 000 in Italy. In the leather industry, reductions in the number of jobs available amounted to 20 000. In the shipyards, man-power reductions affected 50 000 people, or one sixth of the total.

Side-by-side with these developments, affecting the whole Community, other less widespread trends were recorded. For example, from 1958 and 1969, more than 200 000 jobs were made available in Italy in the clothing and footwear sector. By contrast, some 250 000 jobs in the same two sectors were abolished in the other countries of the Community. Similar examples of contrasting trends could be cited in regard to the timber and furniture industries, the metal-working industries, the food industry, and so on.

Overall, it may be concluded that over the past 12 years, more than one million jobs have been abolished in the manufacturing industries. If one were to add those abolished in the mining industries the total would be approximately two million.

On the other hand, many branches of industry have increased their activity to a marked extent. This applies, primarily, to the chemical industry, the rubber industry, mechanical engineering, and the electricity industry, in which the total number of workers has increased by approximately two million. Numbers employed increased even more rapidly in the construction of means of transport, i.e. motor cars and aircraft, as well as in the plastics industry. In Germany, for example, the number of workers in the plastics industry more than doubled during the period between 1958 and 1970.

The overall figures which have so far been quoted provide only a very limited picture of the changes which have taken place. Indeed, these figures cover only the total number of wage-earners per individual sector: they do not include the number of workers who became redundant as a result of staff cuts or the closing of their firm, and who found alternative employment in the same industrial sector. Another category to be omitted from these figures is that of workers who, having lost their jobs, retired early and have been replaced by a new intake from among the active population, or by immigrant labour.

The rapid growth of the *tertiary sector* calls for particular attention. On the one hand, the relative importance of labour in relation to capital in that sector is generally very considerable. On the other hand, the increase in



productivity per individual worker remains — in most branches — lower than in the industrial sector. It remains to be seen how far the tertiary sector constitutes an outlet for workers leaving other sectors.

*— Technological Development eliminates traditional jobs — and introduces new ones*

Changes are also taking place within individual industrial enterprises. Thus, the number of "consultants" compared with the number of "managers" is increasing rapidly. The accent is shifting towards planning, research and development, market research, finance, the personnel division, and "public relations".

Compared to the development of these units, the importance of the production unit — especially in automated industrial concerns — is progressively declining. Traditional jobs are on the way out: others are being created. The acquisition of a single computer leads to the creation of many new jobs, to basic changes in functions, and even to the disappearance of an even greater number of existing jobs. Such changes, which do not appear in current statistics, testify to the significance of the developments now taking place in individual enterprises.

*— Increasing immigration of labour in EEC countries*

Nearly one million wage-earning workers, who are nationals of one member country of the Community, are now employed in another member country. Taking into account their dependents, the occupational and social status of two million people thus depends on the free movement of labour across frontiers.

However, in the five EEC countries which at present are listed as receiving countries, there is a growing demand for immigrant labour from countries outside the Community. Their numbers exceed 2.5 million, of whom one third are women. These immigrant workers are practically all natives of the Mediterranean area. 90 % of the total are employed in Germany and France. The vast majority are unskilled labour.

The table for placings of foreign workers issued with a first work permit, i.e. permanent workers who are new entries, shows that the proportion of Italian workers is steadily declining in comparison with entries from countries outside the Community. What is more, according to statistics supplied by Member States suffering from a shortage of labour, foreign man-power requirements remain very high. Indeed, according to the estimates submitted by these Member States, man-power requirements in 1969 and 1970 were respectively 629 000 to 780 000 and 767 000 to 775 000. For 1971, the estimates provide for 580 000 to 680 000 workers. According to data provided by the competent Italian authorities, the number of Italian workers available in 1969 and 1970 was respectively 120 000 and 80 000; for 1971, the total is again

80 000. At first sight, one might be inclined to conclude that the number of Italian workers available is far from adequate to meet the needs of other Member States. However, the competent Italian authorities have said that account should also be taken of the number of people registered with labour exchanges (about 900 000) and, in addition, of "hidden unemployment", i.e. the part of the population which only appears on the labour market when certain conditions apply. A recent estimate in the CENSIS report to the National Economic Council put the number of "hidden unemployed" at between 2.5 million and 3 million. These impressive figures suggest that arrangements for matching labour supply and demand in the countries of the Community still operate in a far from satisfactory manner.

The Commission has therefore decided to initiate inquiries to supplement other sources of information in order to establish the root causes of this phenomenon, and to suggest the necessary remedial action.

The major sectors of activity employing immigrant man-power are :

- *in Germany* : industrial concerns engaged in the manufacture and processing of metals, other manufacturing industries, the construction industry and public works, and services ;
- *in France* : the construction industry and public works, the manufacturing industries and, in particular, industries engaged in the manufacture and processing of metals, services ;
- *Netherlands* : manufacture and processing of metals, manufacturing industries, services, construction industry and public works.

(Recent figures for *Belgium* and *Luxembourg* are not available).

Very little information is available concerning the level of skill of foreign workers who have found jobs : in Germany, the percentage of unskilled labour is approximately 75 %.

In this connection, it should be noted that the total figures for movements of foreign labour during a definite period, e.g. a calendar year, are higher than the difference between foreign man-power units at the beginning and end of a year. In Germany, for example, it is expected that the increase in foreign workers for 1971 will be 200 000 (net immigration) : this means that a total of between 400 000 and 500 000 will have to be brought into the country (gross immigration).

The extent of the movement of foreign labour and the fact that more and more immigrant workers are natives of more distant countries have changed considerably the nature of the problems raised by immigration.

The cultural gap between immigrant workers and the population of the host countries has widened. In some circles, there is resistance to or distrust of a foreign "presence" which is sometimes regarded as excessive.

*Total number of foreign wage-earners employed in the Community (1)*

Year	Belgium	Germany	France	Italy	Luxembourg	Netherlands	Community
1961	154 000	475 700	(935 700) (2)	—	20 900	28 000	1 615 000
1962	157 000	655 000	935 700	—	22 400	32 000	1 800 000
1968	200 000	1 040 000	1 158 000	33 100	28 600	100 000	2 560 000
of which EEC	123 000	380 000	262 400	10 000	24 700	43 000	843 000
1969	201 000	1 372 000	1 180 000	35 000	30 100	103 000	2 921 000
of which EEC	123 000	427 000	260 000	11 000	25 200	45 000	891 000
1970	208 000 (3)	1 839 000 (4)	1 200 000	37 000	32 000	110 000	3 426 000
of which EEC	125 000	478 000	260 000	12 000	26 000	50 000	951 000

(1) Partly estimated.

(2) 1962 census.

(3) Including unemployed.

(4) The figure was 1,948,000 at 30th September 1970.

Signings of foreign workers issued with a first work permit

22

	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969 <sup>(1)</sup>
	New permanent entries <sup>(1)</sup>											
TOTAL	174 811	151 007	332 210	434 985	512 851	514 732	635 551	711 270	593 167	284 984	519 864	858 676
EEC	109 443	93 659	205 782	227 657	220 800	180 813	187 885	259 038	211 043	95 161	162 296	166 771
of which Italians	84 729	73 326	171 287	205 530	199 005	158 378	163 556	234 614	188 446	74 643	141 572	145 256
Non-member countries	65 368	57 348	126 428	207 328	292 051	333 919	447 666	452 232	382 124	189 823	357 568	691 905
	Breakdown by country of employment											
Belgium <sup>(2)</sup>	13 900	3 600	3 500	5 200	15 414	26 397	33 158	30 750	19 524	14 175	8 782	2 545
Germany	54 577	85 311	259 484	324 594	360 034	344 189	408 580	488 309	397 437	139 325	390 879	646 079
France	82 808	44 179	48 901	78 879	113 019	115 523	153 731	152 063	131 510	107 833	93 165	167 802
Italy	990	1 102	1 133	1 333	2 884	4 088	3 788	2 583	3 368	3 688	4 973	8 371
Luxembourg	12 944	12 352	12 309	13 452	8 069	7 423	8 317	7 105	5 575	2 346	3 101	5 404
Netherlands	9 592	4 463	6 883	11 527	13 431	17 112	27 977	30 460	35 753	17 617	18 964	28 475
Total	174 811	151 007	332 210	434 985	512 851	514 732	635 551	711 270	593 167	284 984	519 864	858 676
	EEC workers											
Belgium <sup>(2)</sup>	6 700	2 200	1 900	2 900	5 702	5 716	7 080	10 313	9 785	7 815	6 480	<sup>(3)</sup>
Germany	29 482	53 676	166 614	178 406	177 234	146 667	153 390	216 448	175 277	65 431	139 719	147 415
France	52 770	22 707	21 020	25 947	23 932	15 789	14 441	21 001	15 983	13 286	8 152	9 016
Italy	454	668	699	811	1 421	1 883	1 925	871	1 066	1 076	1 424	2 078
Luxembourg	12 512	12 044	11 809	12 823	7 197	5 994	5 311	5 387	4 244	1 960	2 115	3 294
Netherlands	7 525	2 394	3 740	6 770	5 314	4 764	5 738	5 018	4 688	5 593	4 400	4 968
Total	109 443	93 659	205 782	227 657	220 800	180 813	187 835	259 038	211 043	95 161	162 298	166 771
	Italian workers											
Belgium <sup>(2)</sup>	4 500	1 100	1 000	2 000	4 354	3 906	4 673	7 382	6 149	4 040	3 139	<sup>(3)</sup>
Germany	19 460	42 455	141 263	165 418	164 549	134 277	141 352	203 064	163 982	57 618	130 236	136 225
France	51 137	21 262	19 513	23 805	21 513	12 963	11 393	18 043	13 379	10 631	5 880	6 498
Luxembourg	8 736	8 194	8 111	9 823	5 427	4 666	3 558	3 848	2 907	1 013	1 038	942
Netherlands	896	315	1 400	4 484	3 162	2 566	2 580	2 277	2 029	1 341	1 299	1 591
Total	84 729	73 326	171 287	205 530	199 005	158 378	163 556	234 614	188 446	74 643	141 572	145 256

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<sup>(1)</sup> These figures include: for *Germany*: frontier workers from 1958 to 1960; for *Italy*: seasonal workers from 1958 to 1962; for *Luxembourg*: all foreign workers signed from 1958 to 1962; for the *Netherlands*: seasonal and frontier workers signed from 1958 to 1963.

<sup>(2)</sup> Belgium: rounded figures for 1958 to 1961.

<sup>(3)</sup> Belgium: since the abolition of work permits, this country is no longer able to record new entries of Community workers.

Migrant workers in general are less and less following the process of gradual adaptation leading ultimately to integration into the national life of the host country.

When they return to their native countries, these workers often have to adapt themselves again. The return of migrant workers with experience of town life and work in industrial surroundings is certainly a gain; but this is counterbalanced by a feeling of being out of place and the difficulties of resettlement, because the skills acquired as an immigrant are not always suited to the social and economic pattern of their own countries.

It must be recognised from experience that, even with the best of goodwill, results in the matter of welcoming foreign workers are far from satisfactory. While substantial achievements are to be noted in the case of workers and their families, when they accompany the breadwinner, very little attention is drawn to the disadvantages of migration when the families remain in the country of origin; homes are broken up, the children are not educated, and the worker is even more estranged from his surroundings when he returns home.

Immigrant workers are most often the first to suffer from fluctuations in the economy and much use is made of their annual holidays to put an end to their contracts.

Urgent and co-ordinated action and measures are therefore necessary to deal with the problems of immigration.

— *Large number of Community workers employed in non-member countries*

With the growing number of workers from non-member countries employed in the Member States of the Community, sight is often lost of the fact that fairly large numbers of wage-earners from the six member countries are employed in other countries in Europe and elsewhere. The only figures available for certain West European countries show that over 700,000 Community workers have found employment there.

Most of them are employed in *Switzerland*, and they include 300 000 permanent workers with work permits (250 000 Italians, almost 40 000 Germans, 15 000 French and 4 000 from the Benelux countries), 120 000 seasonal workers (about 115 000 from Italy) and 60 000 frontier workers (25 000 French, 15 000 to 20 000 Italians and about the same number of Germans). In Switzerland there are also many workers from the Community countries who have been there so long that they no longer require a work permit (over 130 000, including 85 000 Italians, almost 30 000 Germans and 15 000 French). Seasonal workers are mainly employed in agriculture and forestry, building and the hotel and catering industry; permanent and frontier workers are employed in all branches of industry (before 1960, mainly in the declining

industries, since 1960, in the leading industries also, to some extent), service industries and even in office jobs. Overall, some 30 % of all Community workers employed in Switzerland are in the building and woodworking branches, 20 % in metal processing, over 10 % in textiles and clothing and in the hotel and catering industry, leaving under 5 % in domestic service.

The total number of Community workers employed in the *United Kingdom* can be put at over 50 000 of whom almost 25 000 are Italian, 15 000 are German and 10 000 French. Work permits are issued almost exclusively for service occupations, and particularly for domestic and hospital services.

The *Scandinavian* countries have about 35 000 workers from the Community countries ; Sweden has over 20 000, Denmark almost 10 000 and Norway about 2 000. More than 20 000 of these workers are from Germany and 7 000 from Italy.

Lastly, there are under 10 000 workers from the Community in *Austria* ; most of them are Italians and Germans. They are mainly employed in building, metal processing, textiles and the tourist industry.

Few workers move from the Community to countries *outside Europe*. In 1968, the total was about 80 000 (excluding France for which no figures are available) ; in 1969, it was about 60 000.

Allowing for workers returning from other continents to the Community, net emigration amounted to about 70 000 in 1968 and 50 000 in 1969. Most of the emigrants were Italian but the number has dropped sharply over the last few years, from about 100 000 in 1958 to 40 000 in 1969 (net emigration — 60 000 and 30 000 respectively).

#### — *Expansion and extension of vocational guidance and training*

*Guidance* is to-day becoming increasingly important both at school and at work because of the changes in educational systems and occupational structures. Over the last few years, school and vocational guidance have increased in amount and improved in quality in most countries. Despite this progress, however, there are still big gaps ; a substantial proportion of young people and adults receive no guidance, and advice on the choice of a career should be extended and better adapted to the individual.

As regards *training*, the demand for skilled workers is growing continuously. As the demand for relatively unskilled manual and non-manual workers levels off and that for men with ordinary skills rises, there is a sharp increase in demand for very and highly-skilled workers, chiefly in the intermediate categories, for technicians and for intermediate supervisory staff.

The following figures may be quoted as examples : in the Netherlands, the proportion of white-collar workers, including senior technicians and plant managers in industry, rose from 18.5 % in 1955 to 27.1 % in 1967 ; in France,

intermediate and senior supervisory staffs more than doubled from 1954 to 1968, rising from one million four hundred thousand to nearly three million ; and in Germany, the percentage of white-collar workers and civil servants among total wage-earners rose from 29 % in 1950 to 34 % in 1968.

It would be most valuable if figures could be produced for this trend in all Member States, so that comparable forecasts can be worked out at Community level.

In addition, the nature of work is changing. Whereas the early forms of mechanisation and rationalisation involved the breakdown of productive activities into fragmentary, repetitive tasks calling only for the rapid, limited acquisition of technical knowledge and, in many cases, of a mechanical skill, the introduction of automated techniques demands the ability to understand the process operated, to organise a programme, take quick decisions and work as a team. This often involves dynamic training in which character and intelligence play a great part.

This expansion of the content of vocational training is also very marked in the higher ranges of skills, where the growing complexity of the problems to be solved, the spread of modern management methods, the introduction of jobs calling for more than one skill and the use of increasingly sophisticated techniques are changing the nature and conditions of work and, in more and more cases, are calling for a basic ability to acquire new techniques.

As a result of these changes in the nature of work, the various occupational categories are no longer suitable for training requirements. Clearly-defined specialisation by skills is gradually giving way to a horizontal classification by "families of trades" requiring very similar levels of knowledge and know-how. This widening of tasks is tending to offset the harmful effects of a rigid division of labour and is narrowing the gap between occupational categories.

The speeding up of technical progress is a governing factor in the development of vocational training. Progress is itself gradually raising the general level of skills ; the faster rate of progress is tending to blur the nature of these skills by the swift and radical change in machinery, materials and methods of work and organisation. Knowledge, know-how, techniques and acquired attitudes are quickly left behind and re-adaptation, which was recently the exception, is becoming the rule.

As a result, occupational skills can no longer be defined solely by reference to the job and the nature of the operations involved. They are now seen as the permanent ability to adapt to the technical pattern of work.

These requirements are receiving increasing attention from the authorities and those directly concerned.

In particular, a trend towards multi - purpose training can be seen in a number of current experiments, whether they involve the adaptation of technical and vocational instruction and whether they result from the introduction of a system of training by stages at production plants. This extension of the traditional methods is at present restricted by the lack of research to determine the basic common features of several trades by scientific job analysis.

The economic and technical changes which are affecting the content and methods of vocational training have also had some influence on technical and vocational schools responsible for the general and practical training of some types of skilled workers and intermediate supervisory staffs.

There are, however, a number of other more specifically social and educational considerations involved. The most important of these is inequality of educational opportunity. There is in fact a close correlation between family income and school attendance figures.

In their desire to ensure greater equality of opportunity, governments have raised the school-leaving age, have adapted general secondary education to provide vocational instruction, have introduced facilities for transfer from one educational level to another and, finally, have provided continuing forms of education.

To meet the needs of a changing society, vocational training is now tending to inter-penetrate and inspire general education and vice-versa.

In conclusion, it should be noted that vocational training, in the widest sense, is, and will increasingly become, a key problem of modern society from both the social and economic standpoints. At the same time, however, the basic data are not available to follow and, as far as possible, forecast trends in this field. Special efforts should be made to produce adequate data on such subjects as the requirements and capacities, structures, content and methods of vocational training and the relevant costs. As regards the latter point, one figure may be quoted as an example from the Social Fund : to-day an occupational retraining operation, lasting from 6 to 9 months with the usual compensation, costs an average of 2500 units of account (50 % from the Social Fund). This figure is rising steadily by 20 to 25 % every year so that it will reach an average of 4000 units of account within 2 to 3 years.

### *B. Incomes and wealth*

*Over the period 1958 to 1970, the real incomes of both wage-earners and other categories rose substantially by an average of 5 % per annum. A more detailed analysis of this movement shows, however, that there are still wide disparities in the distribution of incomes and wealth. Although the relevant data are inadequate, and sometimes completely lacking — a point which merits*



*special attention over the next few years — it can be stated that all population groups have not benefited equally from the rise in incomes. There are still "marginal" groups among both the active and non-active population. While regional differences have narrowed slightly in certain cases, the disparities are still very considerable ; the gap has even widened in the case of some regions. The wages pyramid, by branches, shows that the extreme range has widened, although the branches at the top or bottom of the wages scale are almost always the same in all the countries at the same time. Furthermore, there is still a very marked difference between the wages paid to men and women with the same qualifications.*

*Social security schemes have been extended to cover fresh groups of the population and there has been a marked improvement in both the amount and quality of benefits. In all the Community countries, the cost of social security is now running at about 1/5th of the national income. Here, progress has been co-ordinated to some extent, but the problem of finance is more or less acute in every country. The problem is to continue using social security as an instrument of progress without distorting the conditions of competition or endangering the general economic and financial balance.*

#### **Rapid growth and disparity of incomes**

As a result of the economic growth of the member countries of the European Community, national product per employed person at constant prices rose by more than 70 % between 1958 and 1970. This overall progress has substantially raised the average standard of living, both through an increase in real wages (about 70 %) and in other forms of income and through a sometimes appreciable improvement in social security benefits under the various schemes.

The overall trend can certainly be regarded as positive, but substantial differences still remain. The opportunities offered by economic growth to correct the present pattern of incomes have not been properly used. The present distribution of incomes and wealth is increasingly felt to be unsatisfactory and this situation has contributed to the social unrest which is expressed in a great variety of ways.

The active population includes workers who are not well enough paid to keep their large families. Again, in some regions, migrant workers are unable to bring in their families either because they can find no accommodation or because rents are too high, and this also involves additional expenditure (transport, two homes, etc.).

Moreover, although considerable progress has been made as regards social security benefits for disabled workers and pensioners, "living standards" always drop when anyone stops work. The gap in living standards as compared with the active population is even wider in the case of widows, orphans and physically and mentally handicapped persons not receiving a pension. Lastly,

despite a steady rise, social security benefits for sickness, industrial accident or unemployment are still not enough in most cases to prevent a temporary drop in living standards.

### Varying trend of the share of wages in the national income

The rapid rise in wages is reflected by changes in the share of gross wages in the national income, which rose substantially in all Member States from 1958 to 1970.

Excluding Italy, where the number of self-employed persons and unpaid family workers is still relatively high, total wages at present take from 62 to 68 % of the national income.

It must be remembered, however, that the marked increase in the share of wages in the national income is partly due to the fact that over the period in question, the number of wage-earners rose by almost 7 million while the number of self-employed persons and unpaid family workers fell by nearly 5 million. In order to assess the trend of wages as compared with that of the earning of entrepreneurs and property, these structural changes must be "isolated". This can be done by calculating the "corrected share" of wages, by comparing average remuneration per wage-earner with average national income per active person :

### *Average remuneration of wage-earners as percentage of national income per active person*

Year	Germany	France	Italy	Netherlands	Belgium	Luxembourg
1958	80.2	81.7	88.0	76.0	77.8	91.9
1959	79.2	82.8	87.7	74.2	76.6	88.6
1960	78.5	80.4	86.7	72.5	76.6	83.9
1961	79.8	81.9	84.7	75.4	75.7	84.6
1962	81.4	82.2	84.3	76.4	77.1	87.9
1963	81.3	83.1	86.6	78.1	78.4	89.6
1964	80.5	83.0	88.3	78.1	77.6	88.5
1965	80.5	82.9	87.2	78.7	77.8	91.4
1966	81.3	81.8	85.4	81.2	79.7	92.3
1967	82.1	81.4	85.2	81.1	79.9	93.7
1968	79.1	81.8	84.4	79.9	79.9	91.7
1969	79.8	80.7	82.5	80.1	79.6	...
1970 (1)	81.9	80.8	84.8	81.1	79.6	...

(1) Provisional figures.

An increase in the percentage means that average remuneration per wage-earner has risen relatively more quickly than the whole of the average national income per employed person and therefore more than the average earnings of entrepreneurs and property, and vice-versa.

In all member countries, the average remuneration of wage-earners as a percentage of national income per employed person moves in waves, which follow variations in the rate of economic activity more or less closely; in general, the relative share of wages increases when the economic position is bad, and vice-versa.

In Germany, France and Luxembourg, wage-earners have in general benefited from economic movements to almost the same extent as entrepreneurs and persons receiving an income from property, taken together.

In the Netherlands and Belgium, average wages have risen more quickly than the incomes of entrepreneurs and property-owners. It should be noted, however, that the starting point was lower in these two countries than in the other Member States, which means that they have moved into line.

In Italy, average wages as a percentage of national income per employed person have dropped. This is mainly due to a sharp fall in the number of low-income self-employed persons and family workers in agriculture, who have either stopped working or have gone into wage-earning employment. As a result, the average earnings of entrepreneurs have increased more rapidly than they would have done if this structural change had not taken place.

Finally, average wages in all member countries account for about 80 % of the average national income per employed person and as much as 90 % in Luxembourg.

#### Similarity and variation of the wages pyramid by sectors

In general, the wages pyramid by branches has a number of features common to all member countries :

- first, at any given time, the same branches of industry are almost always at the top or bottom of the wages table ;
- secondly, in all member countries, this relationship is gradually shifting in favour of the rapid-growth industries. In several countries, for example, the hydrocarbons industry has moved to the top ;
- lastly, there is some tendency for the range of wages to widen in the branches at the top of the table.

Table of average gross hourly wages in the most important branches of industry

(All industries = 100)

Branch of industry	Germany		France		Italy		Netherlands		Belgium		Luxembourg	
	April 1964	April 1970	March 1964	March 1970	April 1964	April 1970	April 1964	April 1970	April 1964	April 1970	April 1964	April 1970
Extraction of oil and natural gas	99.7	101.2	136.7	.	160.7	149.4	.	.	.	.	.	.
Oil industry	112.6	115.7	143.6	171.5	155.6	161.2	127.1	152.7	152.6	159.0	.	.
Printing and publishing	103.4	119.3	139.6	146.1	138.8	135.6	103.2	104.9	103.0	111.6	85.2	89.4
Coalmining	110.7	106.0	117.3	102.8	106.5	228.3	140.8	123.6	125.8	124.3	.	.
Ferrous and non-ferrous metals	111.0	110.7	103.8	105.1	119.1	126.1	115.9	112.9	123.9	119.4	108.4	118.8
Transport vehicles	109.7	111.9	114.2	114.2	123.3	121.3	105.8	102.3	116.9	115.4	.	69.0
Non-electrical machinery	103.4	104.6	111.0	111.1	106.7	111.8	100.4	99.8	108.7	105.4	79.1	82.4
Chemicals	101.3	103.9	111.6	118.1	103.4	116.1	104.7	111.9	102.5	111.5	60.1	69.8
Metal ores	102.1	102.0	152.9	134.2	130.1	106.3	.	.	.	.	112.7	121.3
Building	112.0	107.5	98.3	96.6	119.4	105.3	111.6	110.0	101.9	102.7	72.9	74.3
General average	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Non-metallic mineral products	98.7	98.5	100.6	106.0	91.3	92.7	101.1	105.3	99.9	103.0	77.0	76.2
Metal products	98.4	98.3	98.8	98.8	87.6	98.7	98.2	98.9	104.6	99.0	83.4	76.1
Rubber, plastics, artificial and synthetic fibres	95.0	96.6	99.1	99.6	111.5	98.0	104.0	109.8	95.0	97.8	86.5	90.6
Electrical machinery and supplies	90.1	90.4	105.8	105.5	101.7	103.2	93.9	91.9	96.6	97.8	.	76.3
Beverages	93.7	97.3	95.7	98.4	98.9	96.8	99.3	101.3	90.1	93.5	78.0	72.7
Paper and paper goods	88.7	92.7	93.9	98.8	104.8	103.3	100.4	104.9	96.6	98.0	.	.
Wood and cork	87.0	89.1	86.1	87.6	75.3	72.2	93.1	91.9	87.1	90.6	58.2	59.9
Leather	84.8	85.8	85.5	84.4	83.1	77.5	84.5	83.7	80.1	82.4	.	.
Food industries (excluding fats and beverages)	80.9	83.8	88.4	91.8	98.9	93.0	90.6	96.2	86.5	86.2	65.6	68.4
Tobacco	73.3	82.2	.	.	80.1	107.5	86.3	86.4	75.8	85.3	58.4	67.1
Textiles	83.2	85.7	81.2	81.7	81.7	74.9	88.8	91.7	83.6	83.3	.	52.3
Footwear and clothing, bedding	76.7	76.3	83.5	83.7	72.5	66.9	64.6	67.5	68.0	72.5	42.5	45.4

Source : « Statistiques harmonisées des gains horaires bruts des ouvriers dans l'industrie », Social Statistics, No. 5 — 1970, Statistical Office of the European Communities.

## Regional variations in wages

Movements of wages by regions show :

- first, that over the last few years, the gap has narrowed between wages in regions with a high concentration of expanding industry and in a number of less-developed areas ;
- secondly, that this gap has further widened in certain other areas ;
- lastly, that regional variations in a number of countries are still very substantial.

*Table of average gross hourly wages of industry by regions*

(Whole country = 100)

GERMANY — Land	April 1964	April 1970
Hamburg	112.8	112.1
North-Rhine/Westphalia	106.0	104.9
Bremen	104.5	103.4
Lower Saxony	100.8	101.2
Hessen	100.7	101.0
Schleswig-Holstein	101.5	100.5
Saar	102.1	99.0
Berlin	94.0	100.8
Baden-Württemberg	95.8	98.1
Rhineland-Palatinate	95.9	95.1
Bavaria	90.2	90.8
FRANCE (1) — Region	March 1964	March 1970
Paris (City)	120.8	116.6
Mediterranean	98.8	100.9
Rhone Valley	98.0	97.9
Paris region	94.4	96.1
East	93.9	95.1
North	91.2	91.0
Massif Central	91.2	90.6
West	89.2	90.5
Aquitaine region	87.7	92.1
ITALY — Region	April 1964	October 1969
Liguria	115.5	113.4
Piedmont — Val d'Aosta	111.1	109.9
Latium	104.1	104.7
Lombardy	99.1	101.0
Tuscany-Umbria	94.9	96.7
Sicily-Sardinia	95.9	95.3
Emilia Romagna-Marches	91.6	96.1
Venice region	92.4	92.6
Campania	97.9	89.3
Other regions of Southern Italy	86.2	93.4
NETHERLANDS — Region	April 1964	April 1970
North and South Holland, Utrecht	103.6	106.4
Other provinces	97.5	96.8

Source : « Statistiques harmonisées des gains horaires bruts des ouvriers de l'industrie ». Statistical office of the European Communities.

(1) Manufacturing industries only.

## Differences between men's and women's wages

There is still marked inequality between the wages paid to men and women with equivalent qualifications. A first Community enquiry into the structure and distribution of wages in industry was carried out in 1966, when the October earnings of 2 million workers, representative of a total of 16 million, were surveyed. The findings <sup>(1)</sup> were used to analyse the level of gross hourly earnings according to certain characteristics of the labour force: e.g. sex, qualifications, size of undertaking, age, length of service with the firm, family status, wages system, etc. It was thus possible to compare the magnitude of the gap between the hourly earnings of men and women for groups which were relatively homogeneous as regards age, qualifications <sup>(2)</sup>, size of undertaking, wages system (time only) and the nature of the hours for which payment was made (normal hours, without overtime). The results obtained were substantially similar for the textiles, food and clothing industries, where the difference was, on average, least in Italy (— 13 %) and in France (— 15 %), followed by Germany (— 21 %), Belgium (— 22 %) and the Netherlands (— 28 %). In the electrical equipment industry, the smallest differences (under 15 %) were recorded in France, Italy and the Netherlands, followed by Germany and Belgium (around 20 % difference).

### Small contribution by wage-earners to the formation of wealth

Wage-earners contribute little to the formation of wealth and property. The present very unequal distribution of wealth is frequently regarded as unacceptable. It is argued in some quarters that saving by wage-earners can stimulate at one and the same time, economic expansion, stable prices and the more satisfactory distribution of incomes and wealth; this is why government authorities and some sections of the economy are increasing their efforts to promote the formation of wealth by wage-earners.

The three main forms of incentive are as follows: encouragement to voluntary saving, including house saving schemes; wage investment schemes; sharing in profits, whether distributed or not. So far, the first form has predominated (extra bonuses, higher interest or other advantages, such as house purchase).

### Extension of social security schemes and problems of finance

There are two main features of the development of social security schemes: the extension of their scope and efforts to provide an efficient service.

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<sup>(1)</sup> "Structure and distribution of wages — 1966" Social Statistics. Special series — 8 volumes.

<sup>(2)</sup> Some reservations must be made in this respect, because each of the qualification categories which could be defined uniformly at Community level covers a varying range of trades. It was, therefore, only possible to eliminate some of the effects of these differences on the gap between men's and women's wages.

The first tendency has appeared in the extension of social security to more sections of the population. With a few rare exceptions due mainly to the ceiling for affiliation, such schemes, which were originally designed to protect the lowest paid workers, now cover all wage-earners in all sectors of the economy (agriculture, industry, and commerce), farmers, handicraft workers, members of the liberal professions, independent traders, businessmen, etc.

Schemes still differ in scope, however, from one member country to another. In some countries, for example, all self-employed workers are covered; in others, only some of them are covered or benefits vary according to occupation.

In general, the benefits available to self-employed persons are lower and more limited than those provided for wage-earners. The present position may be summarised as follows: farmers receive the following benefits: family allowances, old age pension, sickness benefit — except in Germany but the position is now changing — and industrial accident benefit — except in Belgium and the Netherlands. Handicraft workers have much the same cover as farmers, except as regards industrial accidents, in France and Luxembourg and family allowances in Italy. The liberal professions and commercial occupations are less favoured, particularly in Germany where, apart from family allowances, there is in general very compulsory protection for these categories.

As the scope of schemes has extended and cover has been widened, benefits have improved in both amount and quality. From 1960 to 1965, expenditure increased by 10.7 to 17.7 % according to country; the corresponding figures for the period 1965 — 1970 were 8 to 12.2 %. This means that social security expenditure has risen faster than the national income. It should be added that the rise in expenditure has not been uniform for all branches of social security. Payments for sickness benefit in all countries and for pensions in some of them have increased more steeply.

The differences between the rates of growth of social security expenditure in Member States are spontaneously tending to narrow. This can be seen by comparing the percentage of national income spent on social security. In 1958, the extremes were 12.4 % (Italy) and 22.9 % (Germany). By 1968, the figures were 20.3 % (Italy) and 22.9 % (Luxembourg). The gap has, therefore, been considerably narrowed by upward alignment.

In all member countries, total welfare payments are rising "spontaneously", quite apart from any changes in legislation on the subject. This is mainly due to changes in population structures and the higher cost of medical services (one reason for this being the progress of medical knowledge).

This has created financial difficulties and choices have to be made to restore the finances of social security schemes. Operating deficits can only be covered by one or all of the following methods: increasing contributions, the altering qualifying conditions for certain benefits or increasing the State subsidy.

In this respect, the situation did not change much in the member countries between 1962 and 1968. In Luxembourg, over one quarter of social security costs are met out of public funds ; the figure is about one-fifth for Belgium and Germany and from 6 to 11 % in the three other Community countries. In France and Italy, more than two thirds of the cost is met by employers, while in the Netherlands insured contributors provide a relatively high proportion (approximately 40. % of total social security costs).

### By Source

(As % of total revenue)

Country	Contributions				State contribution		Miscellaneous	
	Insured		Employers		1962	1968	1962	1968
	1962	1968	1962	1968				
Belgium	23	23	51	50	20	22	6	5
Germany	29	31	53	49	15	17	3	3
France	22	22	70	69	7	7	1	2
Italy	14	17	73	66	8	11	5	6
Luxembourg	20	23	48	40	22	28	10	9
Netherlands	37	39	44	46	9	6	10	9

### C. Working and living conditions

*Working and living conditions in the Community have unquestionably been improved by the reduction in hours of work, the closer alignment of conditions for manual and non-manual workers, the cut in industrial accidents and diseases and the measures taken against pollution. Nevertheless, overall progress is still unsatisfactory. Present and foreseeable future hours of work still vary widely from country to country and sector to sector. The increasingly technical nature of work is fragmenting responsibilities, making it more difficult to get a clear view of the facts and leading to an increasingly serious crisis in economic and social, as well as political, institutions. It is becoming harder and harder to manage a socio-economic system whose main components are entwined across industrial and national boundaries, while the instruments by which they should be regulated remain ill-adapted to the purpose. While the number of industrial accidents is falling, the number of accidents in general is rising at a most disquieting rate (100 000 deaths a year and 10 million injuries). The development of industrial civilisation often prevents mankind from benefiting from the achievements of that civilisation which should add to their freedom: pollution and other nuisances and hazards are now on such a scale and increasing so rapidly that the quality*



*of living and even the biosphere itself, are seriously involved and threatened. The increasing pace of social change and, in particular, the wholesale drift to the towns from areas which are predominantly agricultural, is disrupting ways of life and creating very intractable problems, notably in the field of housing and communal facilities when they are coming to be most necessary.*

*This veritable challenge to civilisation can only be dismissed optimistically as growing pains if we do not remain passive and hope that all will turn out for the best. The Community institutions will have to assume great responsibility in this field, since joint consideration of the problems and the sharing of experience can avoid much waste and bring closer the moment when the dangerously anarchic movements of to-day are brought under control. Furthermore, purely national solutions are hampered or even stultified by the increasing interpenetration of economies and communities, since distortions of competition, the desire for quick profits and the inefficacy of institutions impede, if they do not completely thwart, decisions that are generally recognised as indispensable.*

### **Reduction in hours of work**

The *legal* working week is still 48 hours in Germany, Italy, the Netherlands and Luxembourg for manual workers only, as compared with 45 hours in Belgium and 40 hours in France. In Luxembourg, however, a bill passed in November 1970 provides for the introduction of the 40-hour week by stages.

Meanwhile, actual weekly hours of work have been brought down by collective agreements negotiated between the two sides of industry in all member countries: to-day, the *contractual* working week is in most cases between 42 and 44 hours in Belgium and Italy, between 40 and 43 hours in Germany (about half of all workers already have a 40 hour week), 42½ hours in the Netherlands and between 42 and 45 hours in Luxembourg (41 hours in the iron and steel industry). Under the terms of collective agreements providing for the reduction of the contractual working week by stages, it may now be anticipated that most Italian workers will have a 40-hour week by 1973 and most German and Dutch workers by 1975 at the latest.

However, the *actual* working week is usually longer because of overtime. In April 1970, an industrial manual worker, employed full time, worked an average week of 42½ hours in Italy, 43 hours in Belgium, between 44 and 44½ hours in Germany and the Netherlands, 45 hours in Luxembourg and almost 46 hours in France. The actual working week of industrial manual workers scarcely changed in France between 1958 and 1970; over the same period, it fell by an average of one and a half hours in Germany, more than two hours in Italy, three hours in Belgium and about four hours in the Netherlands.

In 1958, workers in the Community were entitled to annual holidays with pay under the terms of legislation, regulations and collective agreements; the

basic entitlement was 8 to 12 (and sometimes more) days in Italy and Luxembourg, 12 days or more in Germany, Belgium and the Netherlands and 18 days in France.

As a result of many improvements under the terms of legislation and/or agreements over the past 12 years the basic entitlement to annual paid holidays is now : 18 days in Belgium, a minimum of 15 days in Germany and 18 days from the age of 35 onwards, four weeks in France, 13/15 days in Italy in most cases, a minimum of 18 days in Luxembourg and normally 16/17 working days in the Netherlands. In addition, double wages are paid in Belgium for the three weeks' holiday ; in Germany a variable holiday bonus is paid in many cases ; and in the Netherlands, manual workers are entitled to a holiday bonus at the rate of 6 % of annual wages. Lastly, the number of paid official holidays for workers is at present 7 in the Netherlands, 8 to 10 in France, 10 in Belgium and Luxembourg, 10 to 13 in Germany and 17 in Italy (18 for coalminers).

Finally, there are signs of a move towards a shorter working life : the raising of the school age means that the minimum age for starting work is higher, while the qualifying age for a pension is being lowered. The extent of this second tendency is a matter of discussion and controversy.

#### **Trend towards continuous working**

Higher demand and increased competition call for greater productivity and the quicker amortization of equipment ; this is often achieved by continuous or semi-continuous working, which involves various patterns of shift working. This method of production is likely to extend and will have far-reaching effects on the lives of men.

#### **Narrowing of the gap between manual and non-manual workers**

As the difference between the jobs of manual and non-manual workers narrows, their positions also move closer together as regards wages and more generally as regards working conditions and social benefits. This is reflected in the adoption of new legislation and regulations and of clauses in collective agreements to bring the working conditions of manual workers into line with those of white-collar workers.

In this connection, legislative measures have been adopted in member countries to extend the period of dismissal notice, particularly for manual workers, and to increase redundancy pay.

Steps have also been taken to establish identical social security systems for both categories and even to combine the two systems. Similarly, the benefit paid to manual workers in case of sickness or industrial accident has been brought more into line with the system for non-manual workers, under which salaries continue to be paid for a set period.

This move towards alignment is being extended by clauses in collective and factory agreements. Manual workers' wages are increasingly being paid monthly instead of weekly, and into a bank account. Workers paid by the hour are being granted the privileges previously restricted to monthly-paid staff: wages are paid when the worker is off sick; a grading system by seniority is being introduced; redundancy pay is paid if a man is laid off and a leaving bonus is paid on retirement; the number of days of annual holiday, the number of official holidays and the number of days off allowed for certain family occasions are all being increased.

In general, all these measures and clauses are designed to bring conditions for manual workers into line with those of non-manual staff, who enjoy better social benefits in certain cases.

### Growing complexity of industrial relations

In all the Community countries, the interplay of social forces is becoming increasingly complex. Two main features may be observed: first, the traditional forces — the State, employers' and workers' organisations — are finding a wider and wider basis for pragmatic agreement; secondly, the balance achieved by these traditional social antagonists is being disturbed by the emergence of new organised pressure groups and by direct "grass-roots" action.

A notable feature of social development in the Community is that economic and social guidelines are more and more being formulated by a dialogue between the State and trade associations, chiefly the employers' federations and the trade unions.

Economic planning has sometimes provided the opportunity for summit discussions of this kind. The path has been eased by the tendency to examine the general economic and social situation objectively, to allow for the effect of increases in wages and other earnings and in welfare payments and to try and reconcile claims with the needs of economic growth, full employment and a stable currency... in other words, the need to integrate social policy into a general economic and financial policy.

New developments are to be noted in this respect. The changes which have taken place over the last few years have revealed the need for more detailed information on an increasingly complex and dynamic economy; workers' organisations are becoming more and more independent of the political parties.

However, the practice of "summit" contacts has meant a certain shift of power within the trade unions and employers' federations, with the result that shopfloor workers and company managers are becoming more and more remote from the decision-taking centres. With this transfer to the "summit", a large part of collective negotiations have become "objective" and it has been possible to arrive at uniform employment and wage conditions over wide areas. However, the trade unions and the employers' federations have been forced to recognise

that other objectives must be attained through branch agreements, special arrangements or factory agreements.

Some complications have been introduced by fresh forms of action to defend the interests of a number of population groups who otherwise are not included in social policy. These are, essentially, self-employed persons — such as members of the liberal professions and farmers — but other groups such as family ,consumers' ,pensioners' and students' associations are also involved.

The situation has been further complicated by the activity of "action committees" which have been set up within the Community to protect the interests of certain regions, in particular those which are declining or have lagged behind. In these cases, it is not one group, but the whole of the population of the region who are protesting against the decline of the economy and the loss of local resources. These specifically regional demands, which are sometimes mixed and almost identified with group claims — particularly in regions with a declining one - industry economy — require greater attention from both political leaders and the public as a whole.

Furthermore, pressures on governments are increasing from all sides as social policy reaches fresh population groups and new cases requiring State protection emerge.

Long experience has shown that these groups can achieve results — in the field of social security for example — and they are gradually emerging as new participants in the social dialogue.

In addition to this type of action, spontaneous "wild cat" strikes are occurring, particularly in industry, but also in other sectors including the service industries and the civil service, and these reveal the gap which now exists between the trade union leaders and their members.

### **Industrial safety and health — new problems**

The traditional risks of industrial illness and accident are being contained and reduced by the application of increasingly strict preventive measures and the progressive integration of safety and health measures into the production process. Statistics compiled by industrial accident insurance bodies and factory inspectors show that the rate of industrial injury proper has declined — substantially in some cases — in all member countries over the last ten years <sup>(1)</sup>.

While industrial illness rates have dropped even more sharply than industrial accidents in some countries, this can be largely attributed to the fall in numbers employed in the coalfields ; this has cut the number of cases of silicosis which is very common among coal miners.

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<sup>(1)</sup> See "Exposé sur l'évolution de la situation sociale dans la Communauté en 1969", statistical annex no. 4.

However, while some unhealthy places of work are disappearing as industry develops, new processes have brought fresh risks. As more processes become continuous, some industrial stresses such as high-frequency repetition work, continuous working and remote supervision are becoming more widespread and are being further aggravated by the introduction of complex control systems between the operator and the end product. A new type of fatigue is therefore emerging. It is becoming a social problem which will have to be dealt with in two ways — by prevention at the place of work and by the proper use of leisure time.

Mechanisation and automation have freed workers from a number of constraints but they have created new relationships between man and machine, through their effect on distances — for example, isolation of the operator from a rolling mill — and on time — assembly lines, without, however, removing the need to act quickly when faced with the greater stresses and risks associated with any break in the automated process. They also call for the planning and application of strict discipline — for example, in the maintenance of a continuous production line.

Because of these problems, industrial health measures involve an increasing number of specific tasks, relating to the suitability of men for their jobs and vice-versa. These tasks call for close co-operation between those concerned with prevention — medical and accident prevention services and industrial psychologists — and those responsible for organising work and production, and this co-operation is now becoming more and more the rule. The analysis of accident statistics and the detection of specific diseases are only the first step towards prevention, which can only be effective if the area of risk is identified and defined, if the degree of risk and its biological effects can be compared, if exposure to risk can be contained and disciplined by appropriate measures, and if the risk can be completely removed wherever possible.

Over the last ten years, efforts in the field of industrial medicine have taken two directions :

- definition of industrial hazards which require a health check on workers including regular compulsory examinations for industrial diseases ;
- extension of health checks to the whole labour force ; firms too small to have their own medical service are encouraged to set up a joint service with other firms.

#### **Healthy environment — growing threat of pollution and other nuisances and hazards**

The maintenance of a healthy environment and the protection of natural resources are now problems of the first importance which must be resolved for a well-ordered society, the well-being of mankind and the preservation of natural wealth for the future.

Two of the consequences of the remarkable advances in technology and of the growth of population are that more and more use is being made of natural resources and that our soil, air, water and food are subject to increasing biological, radiological and chemical contamination.

The biosphere's reserves of drinking water and pure air are already threatened with exhaustion. In some cases, the balance has clearly been destroyed — uncontrolled discharge of effluent of all kinds, accumulation of waste and rubbish, pollution caused by transport and contamination of food supplies. The effects of this cannot all be checked and are not even immediately apparent. There are delayed or inherited effects, whose extent and mechanism are not yet known.

Efforts have, of course, been made, sometimes with good effect, to supplement the inadequate natural purification of industrial effluent. This is true, in particular, for the iron and steel industry and for certain industrial areas which are in the forefront in this respect.

As regards the nuclear hazard, such extensive precautions have been taken that early industrial experience indicates that the nuclear industries are probably the least dangerous of all.

The chief reason for this is that the use of nuclear energy has, from the outset, been almost exclusively controlled by public authorities who have been able to organise a very strict safety system at research centres and laboratories, without costs being so important a factor.

The problem of health protection is, however, far from being solved, even as regards the single question of controlling the emission of noise and fumes. This is a particularly serious problem when industrial concentration coincides with urban concentration. In this respect, passive acceptance of destruction of the environment, looked on as the inevitable accompaniment to industrialisation, is now being replaced by a highly critical public attitude. Noise, destruction of the countryside and the stresses of social life are increasingly regarded as forms of suffering. They contribute in various ways to the maladjustment, or failure to adjust to modern society, which are leading to increased absenteeism, failure to observe safety regulations — thus increasing the number of accidents — higher disability or premature death rates and a growing number of physically and mentally handicapped persons. The total number of prematurely handicapped persons in the Community is estimated to be some 4 to 5 million, not counting people born with mental and physical disabilities.

### **Changes in family life**

In our rapidly-changing society, family values and functions are no longer the traditional ones. They fit differently into a changed social pattern and these changes are creating new needs.

Family policies try to take account of these far-reaching changes and to meet the new needs so created, particularly as regards the equipment and services required by the growing number of married women with children who work away from home and as regards the heavy charges which young married couples have to meet, for accommodation in particular.

*Number and proportion of married women in total active female population*

	Germany	France	Italy	Netherlands	Belgium
Total active female population ('000s)	7 784.6	7 432.3	5 041.8	994.5	971.6
of which married women ('000s)	4 326.9	4 267.3	2 627.8	281.1	602.5
% of married women	55.6 %	57.4 %	52.1 %	28.3 %	62.0 %

Source : SOEC Statistiques sociales — population and labour force in 1968 (6-1969).

In the matter of family incomes help in meeting the cost of a family is now recognised as a necessary measure of social justice and of long-term economic profitability. The rate of allowances still differs very considerably from country to country, however, and in most of them the level of such payments has not risen as fast as other sources of income or prices. This has meant a relative drop in family purchasing power. Some countries are considering a general reform of the whole family allowance system, affecting both the actual allowances paid and tax concessions.

**Housing and housing trends — amount and quality**

At the moment there is still a chronic shortage of housing, as regards both amount and standards. There is still a long way to go before the desirable situation is achieved where everyone has decent accommodation at a reasonable distance from his place of work. There is also a shortage of accommodation of the types required by various population groups, such as large families, young couples, unmarried adults, old people and handicapped persons.

The problem of housing for migrant workers calls for special attention, as is clearly shown by surveys carried out on the subject in a number of areas.

Changes in the structure of the economy and of society are also leading to the radical transformation of modes of living, particularly as regards town-planning and housing.

With the rise in real incomes and the greater variety of living patterns, the need is for accommodation built to higher standards and capable of satisfying the most varied requirements in the future.

Population growth and changes in the pattern of families are affecting the demand for accommodation as regards variety of types, price, floor space, fittings and surroundings.

It is axiomatic for social progress that everyone must be able to pay for his own living accommodation. In fact, the rising cost of building, of land and of credit has meant that a large part of the population still has to obtain aid from public authorities in order to live in a new house.

The provision of enough living accommodation, which depends primarily on the funds available for building, is limited by the shortage of building sites at a price which can be paid. The authorities are increasingly aware of this problem. The solution lies in land development schemes designed to meet future needs.

Not enough new living accommodation is being built to meet the needs of the population; the existing stock must be improved and not allowed to deteriorate rapidly.

The working population is living more and more in the new districts of large towns where the residents do not normally have all the facilities they need when they arrive. The lack of these facilities is an obstacle to the development of community life in the new districts and lowers the rentable value of the properties.

Agricultural reform measures are likely to bring part of the rural population into the towns where they will require accommodation.

Living conditions, requirements and habits change and affect ideas concerning how people should live. The habitat is not confined to the house or flat but also includes the immediate neighbourhood, the district, the town and even the region as a kind of enlarged economic "living space". By continuous interaction, living conditions affect the life of the individual and the life of society as a whole.

A few figures on housing in the Community will be found in the appendices.



## SOCIAL OBJECTIVES

### *A. Better employment*

Within an economic grouping moving towards unification, where there is increasingly free movement of goods, services, persons and capital, the problem of employment can now only be dealt with effectively by integrating national policies to serve the purposes of the whole Community. Economic fluctuations and structural changes in employment can no longer be isolated from one State to another. Better vocational guidance and effective vocational training are becoming essential both for regional economic development and for the professional and geographical mobility of labour.

The scale of the problem is further increased by the introduction of growing numbers of workers from non-member countries who enjoy conditions similar to those granted to the nationals of member countries.

The third medium-term economic policy programme, which seeks to promote compatible national objectives, lays great stress on employment. It takes the rate of unemployment as one of the four indicators of the overall trend. It also recommends all measures which may help to channel productive resources to the most promising activities, in particular by stimulating initiative and innovations. Lastly, it stresses the need to reduce immobility and disparities by reducing the cost of moving for the individual, in accordance with the principles of solidarity which underly every modern society. Thus, both as regards guidelines for the individual member countries and as regards the role of the Community itself, the third medium-term economic policy programme attaches great importance to an active employment policy.

At the moment, four series of interdependent structural movements are taking place in the Community :

- 1) Divergent regional developments, with the consequence that there is no longer a balanced division of economic activity and employment in the Community.
- 2) Movements from sector to sector resulting from the decline or reorganisation of certain branches of the economy while others are expanding rapidly.
- 3) Technological progress in its most advanced forms, such as automation and the use of computers.
- 4) Problems affecting certain categories of workers who need special treatment ; they include juveniles, women, older workers, handicapped persons and migrant workers.

Some of these problems are matters of social policy in the narrow sense i.e. a series of measures aimed at full employment on a purely numerical basis.

Instruments of social policy are not enough on their own to deal with these problems. The objective is to create enough jobs to provide employment for the present and future active population. This aim must be achieved in the context of overall economic policy on the one hand, and of structural and regional policies on the other. It has been one of the primary concerns of all the programmes of medium-term economic policy and of the memoranda drafted by the Commission on the agricultural, industrial and regional policies. The social objectives discussed in this memorandum should, therefore, be considered in close conjunction with the other documents mentioned.

In this context, special attention must be given to the less-developed or declining regions and to the frontier regions. Balanced economic and social development requires full employment throughout the Community. Greater Community solidarity is needed to help in achieving this balanced development.

However, employment problems are not concerned solely with numbers. Many aspects come under what may be termed "manpower policy", aimed at matching labour supply and demand as efficiently as possible in order to achieve "optimum employment". In addition to finding suitable jobs for the active population, manpower policy must, therefore, include vocational guidance, initial and further training and re-training, to promote mobility both within and outside individual firms, branches, sectors, and if necessary, regions and even countries. How far actual and potential workers can be channelled to the sectors of most economic value to the community and of greatest benefit for the individual worker's career will clearly depend on the dynamism of the labour market and the prevailing political options.

The Commission suggests the following guidelines as a means of achieving optimum results from the great quantitative and qualitative changes now taking place in the employment field :

1) The *transparency* of the labour market must be considerably improved by the provision of comparable statistical tools to give an accurate picture of the true overall sector and regional facts, and to establish where there are gaps and imbalances. In an economic and monetary union where free movement is the rule, data must be harmonised at Community level.

The use of computers will considerably enhance the effectiveness of employment services and will improve knowledge of the Community's labour forces, particularly as regards their skills and location ; on the other hand, in the absence of an integrated network, the introduction of computers might aggravate the national fragmentation of the Community market. An integrated computer network would also provide automatic information, at all levels, concerning shortages and surpluses, and concerning regional, national or Community trends, which is essential for an optimum labour market in an

economic union and for a rational allocation of aid for re-adaptation and transfer from one job to another.

2) Definitions, methods and techniques must be co-ordinated forthwith. In addition, the virtually immediate matching of vacancies and requests for employment implies pragmatic recognition of qualifications at Community level so that the market can be genuinely transparent and optimum mobility of labour can be combined with the best career prospects. European collective agreements can play a major part in this pragmatic approach.

3) *Forecasts* relating to the quantity and quality of the labour force should be improved for sectors, branches, regions and age groups as well as according to sex and the level of skill and education. An immediate start is to be made on producing Community forecasts for a number of declining and rapidly-expanding branches and on preparing for the harmonisation of forecasting methods.

The systematic use of forecasting and rational selection has become an essential adjunct to automatic guidance and selection through the interplay of market forces. Whatever its objective limitations, it is certainly less costly for the community and for individuals than lack of foresight, clinging to vested interests and unco-ordinated action after the event when the economic mistakes have been made.

4) The development of a policy to promote *careers and the mobility of labour* is vital. To resolve the conflict between mobility and security of employment, the maintenance of incomes must be guaranteed. The guarantee may take the form of aid re-adaptation or further training, resettlement, etc.

The cost of achieving this objective could be met by firms (through collective agreements, for example) and by the whole community. The increase in overall and individual productivity should normally more than cover this cost.

At least partial financial solidarity at Community level to help with the costs borne by the public would seem to be essential in order to speed up the development of poor regions, eliminate structural differences and establish a satisfactory balance in the Community.

Furthermore, the workers should be associated with the necessary decisions from the outset, in such manner that long-term gains are not sacrificed to immediate advantage.

5) A policy for the preparation and furtherance of professional and geographical mobility must also be introduced. This will mean the provision of graduated training, ranging from general training to complete specialisation, by establishing the essential link between general education and vocational instruction ; it will also involve the organisation of continuous training and the development of facilities for re-adaptation.

These are, of course, essentially problems for the member countries but if each tries to deal with them separately, there is a risk not only that effort will be wasted, but also that the present differences may be aggravated or replaced by others.

6) All member countries are faced with more or less acute *specific problems* : these include, unemployment among young people, the position of women at work, the difficulty of adapting, after a certain age, to swift changes in the pattern of employment, the economic and social problems of handicapped persons and migrant workers, for whom social adaptation and integration are special problems.

For each of these categories, the Community has a role to play ; in particular, it has to ensure that competition does not result in levelling down.

a) The entry of *young people* to the working world is hampered in particular by the shortage of jobs locally, lack of information concerning openings, vocational training which is not suited to the requirements of the economy and the lack of preparation for a career.

b) Provision should be made for *women* to have access to all types of job, and training facilities should be available for any woman wishing to start or resume work. Complete equality of wages must be established for men and women workers and part-time working must be encouraged without dilution of labour or professional discrimination ; it will also be necessary to make certain changes in social security arrangements to protect women at work without introducing new forms of discrimination, to induce them to play a bigger part in trade union activities and to provide the communal facilities allowing work away from home to be reconciled with family life.

c) For *older workers* the speed of economic change creates special problems arising from the fact that the difficulty and cost of re-adapting rise with age. Retraining for a new job is theoretically the most human and most economic solution. If it involves downgrading, the solution should be an addition to income rather than permanent assistance or early retirement.

d) The (re) integration of *handicapped persons* into economic and social life is a matter of increasing concern both to the public at large and to the competent authorities.

As more and more people are enjoying a better life, it is wrong that millions capable of leading a normal, decent life should be excluded from the general well-being.

Furthermore, the chances of solving this problem are increased by the fact that labour is in short supply in some parts of the Community. The reformed Social Fund can be used to assist the vocational training of handicapped persons. Co-ordinated pilot experiments at Community level, embracing the medical aspects of the problem, are avoiding costly trial and error in working

out programmes for retraining and objective aptitude assessment. The Commission believes that special consideration should be given to the establishment of protected workshops and that the public authorities should give appropriate aid.

e) As regards *migrant workers*, systematic collaboration between their countries of origin, the receiving countries and the Community institutions will be necessary in order to provide as effectively as possible for their social advancement and obtain the maximum economic return from their services. Specific programmes will have to be worked out for such matters as vocational training, education for adaption to children's cultural problems, the cultural advancement of adults, decent housing and integration into the host society. In order to avoid any social dumping, the benefits enjoyed by Community workers will have to be extended by stages to the whole Community's immigrant labour force, starting with workers from associated countries and entirely without prejudice to Community preference as regards recruitment.

The vocational training of migrant workers offers an opportunity for co-operation between the dynamic regions of the Community and under-developed countries and regions: a closer link should be sought between temporary employment in a receiving region and the economic development of the region of origin, so that vocational training given in the host country can be fitted into the effort to develop the worker's native region.

Lastly, as part of measures to strengthen the Community, the governments of Member States and the Community institutions should give thought to the possibility of gradually extending the rights and obligations associated with the possession of nationality to the nationals of other Member States resident on their territory. Representation, at local level for instance, would fulfil a profound aspiration of the migrant population.

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In considering the question of an active labour and manpower policy at Community level, reference should be made to the Council's decisions concerning the Standing Employment Committee and the reform of the European Social Fund.

It will be the function of the Standing Employment Committee to maintain, with due regard for the Treaties and the powers of all the institutions and organs of the Community, discussions, collaboration and consultation between the Council, the Member States, the Commission and both sides of industry, for the purpose of promoting co-ordination of the employment policies of Member States, in accordance with the aims of the Community. It is essential that such collaboration should be active and should not be confined within narrow limits separating interdependent problems from each other.

Within the context of forecasts and programmes worked out elsewhere, it will be the purpose of the reformed Social Fund to further retraining schemes recognised to be in the general interest, by providing financial backing and in liaison with Community policies in general. The Social Fund will be an essential instrument in the advance towards economic and monetary union. It must therefore be endowed with adequate means and allowed freedom of action. The fatal idea of a "fair return" must be avoided at all costs and permanent contact must be maintained with the economic and social facts of Community life, principally through the Social Fund Committee.

### *B. Greater social justice*

The distribution of incomes between the different sections of the population needs to be improved in all member countries. This aim should be taken into account in the formulation of economic policies. Part of economic growth should be used more particularly to raise the standard of living of the least-favoured sections. In addition, various schemes have been introduced for the formation of wealth among wage-earners and the lower-paid sections of the public. The aim of these schemes is to give the people concerned a bigger share in the results of economic expansion.

In every member country, the fulfilment of these aspirations is limited by the need to respect the fundamental objectives and balances of economic progress — satisfactory economic growth, high level of employment, balanced payments and stable prices. In this connection, the threat which inflation poses for social justice should be stressed. The overall growth of all kinds of income must be in line with the potential increase in supplies. At the same time, a more orderly rise in incomes and the restraint which this involves, will only be acceptable if the distribution of these incomes improves simultaneously.

A similar requirement is now emerging at Community level. The overall medium-term guidelines laid down in the third programme for the various member countries reflect the implications of a balanced economic growth. Their fulfilment will depend on how far the social objectives considered to be priorities in all member countries are achieved in practice. This means that measures aimed at economic comparability and at better social development should be introduced simultaneously.

This strategy can only succeed if it is possible, both in the individual countries and at Community level, to initiate a process whereby government authorities and the two sides of industry can arrive at democratic decisions consistent with the main economic and social objectives, also arrived at democratically.

The problem of social justice is not simply one of the division of incomes and wealth. At all levels, starting with the firm, it also involves progress towards participation by both sides of industry in the decision-taking process.

The joint responsibility of employers and workers for economic and social progress is the corollary of their autonomy. In the absence of such a process, the achievement of democratically-decided objectives will remain no more than a dream.

The problem here is to reconcile the tendency to decentralise decisions with the need for closer co-ordination of overall economic growth between member countries.

At Community level, three types of action are possible to this end :

1) Income trends are governed largely by the general economic environment. The various economic policies, with their regional and sector aspects, have at least as great an effect on the structure and level of incomes as do measures designed to influence them directly. The Community should, therefore, make full use of the means available to it in these fields to improve distribution and thus create the necessary atmosphere of trust.

2) On the subject of incomes proper,<sup>(1)</sup> the third medium-term economic policy programme again stressed the need for progress in the matter of incomes in the following terms, when discussing the improvement and alignment of economic policy instruments in the Community : "With a view to the effective regulation of overall demand and the more flexible use of financial and monetary instruments, means of bringing income and price movements more into line with the requirements of a balanced economic growth should be sought, through co-operation between the two sides of industry". At the moment, the main objective must be to expand the dialogue with the two sides of industry, at Community level, on the implications of compatible trends for the economic and social policy of the Community. This will call for up-to-date and objective information on the real situation and trend of direct and indirect earnings in the widest sense, covering not merely wages and their component elements but particularly earnings other than wages and wealth.

3) Lastly, the Community must be able to back measures taken in member countries to improve the distribution of incomes or to implement reforms aimed at greater social justice. The achievement of economic and monetary union can contribute to this, by eliminating to some extent the economic fluctuations which mainly affect long-term measures of reform. The harmonisation and approximation of legislative provisions for the establishment of the united market should be directed to this end.

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(1) The ways in which an incomes policy could help in achieving better balanced and more compatible economic and social progress were outlined in the first medium-term economic policy programme (Chapter III, page 15) approved by the Council and member governments on 11th April 1967 and were stated in greater detail in the second medium-term economic policy programme approved by the Council and the governments of Member States on 12th May 1969. Chapter VII of the second programme is devoted entirely to the question of an incomes policy (including a wealth policy).

The ways of achieving this upward harmonisation, which is of vital political and social importance, will have to be discussed with all concerned. There are a number of possibilities. One would be to agree to take concerted action on a number of selected priorities, to give effect to a joint undertaking by member countries to deal more equitably with certain problems relating to the formation of incomes. Such undertakings might, for example, be given in respect of the individual cost of retraining a worker (guaranteed income during retraining), the problems of handicapped persons or the continuous training of adults.

It is not certain, however, that reform priorities should be the same in all member countries. Thus, the attitude to a wealth policy varies from country to country. In general, these policies are of three types: the encouragement of voluntary saving by means of bonuses or tax concessions for certain groups; savings or investment wages; participation in the firm's earnings (workers sharing in distributed or undistributed profits).

In many cases, Community support for such reforms should not take the form of specific measures, so that the diversity of local preferences and the possibilities of fruitful innovation can be preserved. Its intervention will generally be limited to seeing that compatibility is maintained, so as to avoid distorting the conditions of competition.

Lastly, the question of harmonising social security schemes is also assuming a new dimension.

The aims of social insurance schemes are basically social but the economic and financial aspects must not be overlooked, because such schemes amount to about one fifth of the national income in all the Community countries. How can social objectives be best served at Community level while taking due account of economic and financial requirements, particularly as regards the effect on competition and the state of the economy? It is not possible to call for the harmonisation of fiscal systems while at the same time allowing wide differences in the financing and distribution of welfare benefits. Now that the Community is moving towards economic and monetary union, how far can differing social security systems be allowed to continue side by side in the Member States of the Community (level of benefits, scope, method of financing, etc. . .)? Complete standardisation is neither useful nor practicable. It is merely necessary to consider the compatibility of specific measures, framed to meet individual traditions and aspirations; such compatibility should of course be seen as a dynamic factor aimed at encouraging progress and not as alignment on the lowest common denominator.

A joint enquiry into cost-effectiveness in relation to the aims pursued would no doubt lead, with much less difficulty than individual national studies, to a confrontation of problems and prospects and to the definition of options concentrating efforts on certain new risks created by economic and social



progress, rather than on a large number of objectives, which were no doubt fully justified in the past, but now involve dispersal of the resources available.

The harmonisation of social security schemes should be considered in the light not only of the desire to use them as an instrument of progress but also of the conditions of competition, of the general balance of the situation and of the financial possibilities.

The problem is to find a compromise between the harmonisation of certain sources of revenue and of certain items of expenditure. Such a compromise might be sought in the following manner :

- some harmonisation of revenues so that all branches of the economy will compete on equal terms in this field ;
- some upward harmonisation of expenditure, taking into account the favourable effects for structural re-adaptation and the need for consistent overall development at Community level.

The forecasts now being worked out of social security revenue and expenditure from now until 1975, will no doubt throw light on a series of problems which may arise if legislation and policies remain unchanged. The speedy completion of these forecasts is the first step towards the preparation of a European social budget, as decided upon by the Council on 26th November 1970. This exercise is an essential precondition for the subsequent formulation of a "medium-term social forecast" for the Community.

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### *C. A better quality of life*

In all Member States, the improvement of living and working conditions is one of the major concerns of both the general public and the authorities. Apart from the improvement of actual conditions at work, the elimination of nuisances and hazards, in order to protect health and the environment and a major drive in the fields of housing, land development and town planning are becoming increasingly necessary to ensure well-being and proper living conditions.

In addition to their basic social content, the measures to be taken in these directions will clearly have major repercussions on economic, industrial and technological development.

The Community will have to ensure that the measures taken do not create barriers to trade or distort competition. In this respect, the Treaty enumerates specific Community responsibilities, in particular for the Commission.

Over and above these economic considerations, it is the duty of the Community to define its major objectives and to formulate measures preparing the environment in which the Europeans of tomorrow will live.

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A special effort should be made to assemble, analyse and circulate, throughout the Community, the essential data showing how *the conditions of work* are changing. Comparable statistics covering all aspects of working conditions must be compiled and kept up to date in order to further the "equalisation in an upward direction" required by Article 117 of the Treaty of Rome.

In this field, upward harmonisation will have to be achieved more through agreements concluded between employers and workers at Community level than through regulations. The Commission therefore attaches the greatest importance to increasing the number of joint committees at Community level.

Special attention must be given to cutting hours of work. Two factors would appear to both explain and justify a further reduction in daily, weekly and yearly hours of work over the next few years.

1) The development of continuous production systems, involving shift work with different schedules. This method of working should only be adopted if there are overriding technical reasons, because of the stresses which it creates. If it becomes widespread increasingly strong demands for a compensating cut in hours of work are to be expected.

2) Recent changes in men's attitude to their work are bound to affect working hours. Ideas concerning the nature and final purpose of work are changing at the moment. At the same time, there is a new appreciation of leisure which is more and more regarded as valuable in itself and not merely as an essential break. This trend is likely to become more marked as living standards rise. The drive for a progressive cut in working hours will therefore continue.

The general adoption of the 5-day, 40 hour week seems to be near and the movement will certainly not stop there. Demands for longer paid holidays are also to be expected.

These developments will have to be watched very closely and the compatibility of the various ways of cutting working hours with economic, social and cultural requirements will have to be kept in view. Moreover, the increase in free time raises the problem of using leisure, on which joint discussions and a comparison of experiences might be useful.

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The *protection of health* and the safeguarding and improvement of the *environment* are now absolutely essential features of any social policy and a condition for well-being.

These objectives already have to be taken into account at Community level under the programme for the elimination of technical barriers to trade (colouring matters, preserving agents, pesticide residue, safety standards, . . .). This work, which is well behind schedule, must be speeded up and greater emphasis must be laid on the social aspects.

Minimum measures, affecting the Community as a whole, should include :

— As regards *industrial safety and health* :

- Formulation of common industrial safety and health standards, in order to avoid any distortion of competition or a levelling down of standards ;
- Approval of limits for nuisances and hazards at places of work ;
- Establishment of common references for industrial medicine, including in particular the harmonisation of rules for medical services ;
- Promotion of comparable prevention statistics (industrial accidents, industrial illness and death rates).

Meetings between safety experts and both sides of industry of the kind already held in the coal and iron and steel industries, should be extended systematically to branches where the situation gives most cause for concern. Joint industrial committees and Member States might submit what they regard as the most urgent problems to the Community authorities and Community regulations would be made whenever experience showed them to be necessary. Pilot programmes and experiments might avoid costly, separate projects.

— As regards *improvement of health facilities* :

- Promotion of Community co-operation in the matter of first aid and rescue services in inaccessible regions and places and in the event of natural or industrial disasters ;
- Co-ordination of the establishment, development and use of highly-specialised treatment centres, of centres for the treatment of chronic conditions, such as paraplegia, of secondary means of transport for injured and sick persons and of first-aid for victims of road accidents ;
- Speeding up of work on the right of establishment of members of the medical and para-medical professions.

— As regards *environmental health* :

- Comparison of problems and prospects as regards nuisances, hazards and pollution affecting human beings, goods and surroundings and harmonisation of objectives ;
- Establishment of limits for noxious discharges ;
- Promotion of research into phenomena, causes and effects and into ways and means of combating the harmful effects of noxious substances ;

- Standardisation of control and monitoring methods and assistance with the formulation of purity standards.

It is becoming essential, for both economic reasons (growing cost of dealing with nuisances after the event) and social reasons (improvement of the quality of life) that the communal wealth of our environment should be protected.

But every country and every entrepreneur is swayed predominantly by short-term considerations that have to do with competition and so, unless Community rules are established, action to control pollution may be constantly held back or may even boomerang against those courageous enough to undertake it. A proper balance must be struck between the need to protect health and the environment, on the one hand, and the requirements of technological and industrial progress on the other. The factors governing the choice of sites for new production centres must be set against the need to comply with concentration limits. This would help in formulating a rational regional policy which would avoid the increasingly high cost of over-concentration, which has to be met by the community while the profits go to those for whom the money has to be spent.

Suitable machinery for consultation and co-operation at Community level should quickly be established so that definite joint direction can be given to national measures instead of leaving them to be developed separately.

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Great attention should be given to the problems of improving *housing* and *rebuilding towns*. The most recent censuses in fact show that about 35 million homes — that is over half the total — were built before 1945

One of the biggest problems in the case of housing is the stop-go which accompanies fluctuations in the economy and even, in some cases, the use of housebuilding as an instrument of economic policy.

In addition, housing policy is also an instrument of a regional policy and an active employment policy.

At present, housebuilding is still in large measure the province of the small contractor. A special effort is needed to promote standardisation and industrialisation, combined with closer integration of the construction market at Community level.

The following steps might be taken at Community level :

- organisation of meetings of Housing Ministers to exchange views on new trends and developments in their field and to promote scientific and technical co-operation ;
- a special effort in favour of migrant workers.

## Chapter IV

### PROGRAMME OF COMMUNITY SOCIAL POLICY

#### A. *Economic and monetary union and social policy*

The objectives defined in the previous chapter cannot all be pursued at once because of the size of the task involved.

Priorities must therefore be selected and combined into a *programme of community social policy* to be put into effect during the first stage of economic and monetary union.

The Commission has based its choice of priorities on the fact that social policy must play an effective part in the steady advance towards economic and monetary union, which, in turn, takes on its full significance by its contribution to the fulfilment of the great social objectives. It is inconceivable that the Community should be built up and strengthened in its economic and monetary aspects without taking account of social requirements at a time when these are becoming increasingly important in the planning of economic life in all member countries.

The Commission's choice has also been guided by the fact that only the instruments already provided by the Treaties are available for immediate action to implement this *programme of community social policy*.

The Commission is nevertheless aware that a coherent programme, even on such a limited scale, can only be launched with reasonable hopes of success if certain conditions are fulfilled.

Further propaganda and prodding will be necessary to generate the political will required to overcome the difficulties arising from the frequently vague and loose provisions of the Treaties on social subjects.

This political will should in particular be expressed through greater Community solidarity as has happened in other fields.

The planning, promotion and application of a common social policy calls for a continuing dialogue with employers and employees and this dialogue must not be imposed but sought as a condition of democracy, effective action and social progress.

#### B. *Common means of action already available*

Article 2 of the EEC Treaty shows that its authors were concerned not to separate social and economic objectives and wished to promote "a continuous

and balanced expansion, an increased stability, an accelerated raising of the standard of living". It is also clear that another of their major preoccupations was to improve the conditions of employment. In particular, the first paragraph of Article 117 refers to the "necessity to promote improvement of the living and working conditions of labour so as to permit the equalisation of such conditions in an upward direction".

For the fulfilment of these objectives, the Community has a number of legal instruments under which measures of harmonisation can be introduced and financial resources can be applied.

### 1. Harmonisation

Under Article 118 of the EEC Treaty, the Commission is required to promote close collaboration between Member States in almost all fields of social policy. It should be added, however, that the same Article limits the activities of the Commission to studies, the issuing of opinions and the organising of consultations.

As regards the improvement of living and working conditions, Article 117 refers particularly to the "procedures provided for under the Treaty" and to the "approximation of legislative and administrative provisions". In itself, this Article gives the Commission no special powers to "approximate" legislative provisions but merely refers to the provisions of the Treaty under which this can be done.

It should be noted, however, that in so far as the Community is invested with such powers by other provisions of the Treaty (in particular, Articles 100 and 101), Article 117 makes it clear that "progress" must be the aim of any approximation of national legislative provisions. To this must be added Articles 48 to 51 concerning the free movement of workers and social security for migrant workers, Article 119 which stipulates equal remuneration for men and women workers, Article 128 concerning the implementation of a common policy of occupational training and Article 121 which refers to the implementation of common measures, particularly in regard to the social security of migrant workers. In addition to these essentially social provisions, Article 235 of the EEC Treaty authorises Community action if it "appears necessary to achieve, in the functioning of the Common Market, one of the aims of the Community, in cases where this Treaty has not provided for the requisite powers of action". This means that the Community can only intervene conditionally under Article 235, that is if no other provision of the Treaty authorises the institutions of the Community to take adequate action.

Lastly, the Treaties contain a series of other provisions, on more specific subjects, which can also contribute to the achievement of social objectives and to harmonisation combined with progress.

This applies, for example, to some provisions of the common agricultural policy. The common transport policy can also lead to the harmonisation of

certain working conditions. Lastly, regional under-employment is one of the criteria used in assessing how far State aid can be regarded as compatible with the Common Market. Furthermore, Articles 30 to 39 of the Euratom Treaty provide an excellent model for protection against nuisances and hazards (see also Articles 46 and 55 of the ECSC Treaty).

## 2. Financial resources

In addition to activities concerned with harmonisation, the Community also has financial resources which can be used to implement its social objectives or support regional or sector action taken to that end :

### ECSC re-adaptation and reconversion

- a) Up to 31st December 1970, a total of 156 million units of account had been paid out in *re-adaptation* aid to 430 000 workers in the ECSC industries.
- b) Up to 31st December 1970, *reconversion* loans for the creation of fresh jobs in the coalfields and steel-making areas totalled 204 million units of account.
- c) By 31st December 1970, loans to finance *industrial investment* had reached 639 million units of account.

### European Social Fund

By 31st December 1970, some 154 million units of account had been paid out for the retraining and resettlement of about 1.3 million beneficiaries. The new Fund, approved by the Council on 26th November 1970, will require much larger means of action ; the Commission estimates, purely as a guide, that the reconstituted Fund will need something like 250 million units of account each year, after the initial period.

### European Investment Bank

By the end of 1970, the European Bank had provided a total of 1813 million units of account in the form of loans of guarantees, of which 40 % went to the Mezzogiorno (Southern Italy).

### EAGGF (Guidance section)

The sums available for this purpose, which is of obvious social importance, have so far been kept at 285 million units of account per annum. Projects started by 31st December 1970, under Article 13 of Regulation No. 17/64/CEE total some 350 million units of account.

## Funds for ECSC and Euratom medical and technical research

### *a) ECSC medical and technical research*

To date, 30 million units of account have been spent under Article 55 on ECSC medical and technical research programmes concerning the prevention of industrial accidents and industrial diseases.

### *b) Euratom research into radio-protection and radio-biology*

Allocations under this programme amount to about 20 million units of account.

## ECSC house building activities

The Community has so far allocated 267 million units of account to assist with the construction of 113 000 dwellings.

## *C. Priority action by the Community*

Under the *programme of community social policy*, the action to be taken by the Community during the first stage of economic and monetary union will be directed to the following main priorities, for which the Commission will initiate the appropriate action.

### **1. Speedier achievement of the common labour market**

The common labour market must be capable of functioning like a well-organised internal market, so that there is genuine free movement of workers and Community priority is ensured (Articles 16 and 20 of Regulation No. 1612/68).

To fulfil this objective, it will be necessary :

- i) to increase the "transparency" of the labour market and knowledge of its movements. This will involve :*
  - a) the comparability of data and the harmonisation of forecasting methods at Community level ;*
  - b) the establishment, as a guide to an active employment policy, of a "performance indicator", giving a more detailed and operational picture of manpower than the unemployment figures at present available ;*
  - c) the collation of vacancies and requests for employment by the gradual introduction of suitable means, such as an "integrated" network of computers ;*



d) the raising of levels of skills, the approximation of guidance and training systems and the pragmatic recognition of professional qualifications ;

e) the compilation of adequate data on the requirements and capacities, structures, content and methods of vocational training, and on the relevant costs.

ii) a) keeping a close check on the application of the rules concerning the free movement of workers and taking all necessary action to prevent or stop any discrimination in practice ;

b) ensuring the better *integration of migrant workers* and their families into their new living and working background. This will call for a series of measures to provide the people concerned with more information and to improve their welcome, accommodation and social and cultural integration, and the provision of crash vocational training courses.

## 2. Absorption of under-employment and structural unemployment

In general, unemployment in the Community is mainly due to structural and regional factors.

Special attention should be given to regions which are pockets of very serious unemployment and under-employment, of which the Mezzogiorno (Southern Italy) is the most important example.

In order to create the largest possible number of jobs, Community action in this field should take the form of integrated, co-ordinated operations, in order to benefit from the cumulative effect of concentrating resources (EIB, ECSC Articles 54 and 56, Social Fund, EAGGF operations as part of regional policy).

One essential feature of this action will be the greater use of vocational training and re-adaptation programmes. These programmes will only be fully effective if workers who have to change their jobs — with an appropriate contribution from the Community, and the Social Fund in particular — can be guaranteed maintenance of their income during the period of re-adaptation and payment of all expenses arising from their resettlement.<sup>(1)</sup>

## 3. Improvement of safety and health conditions at work and outside

i) Safety and health conditions at work are receiving growing and wholly justified attention from all the authorities concerned and from the public at large. The problem is so big that it is the duty of the Community and the Member States to promote really effective action with the greatest energy. National measures to improve these conditions may be hampered by the fact

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<sup>(1)</sup> The third medium-term economic policy programme states the same point in the following terms: "... workers must be provided with a continuing, adequate income during the period of re-adaptation. Measures to this end can be assisted by firms and the authority (in the case of the former, through collective agreements, for example)." (para. 121)

that the consequent differences between Member States create conditions of competition in the Common Market.

A whole series of Community measures are therefore needed to establish minimum common standards for safety and health at work and limits for hazards and nuisances at places of work. Swift action is required to deal with noise, dust and toxic substances. Work on the prevention of industrial diseases should also be stepped up.

*ii)* The prevention of nuisances and hazards in general and the protection of the environment, in fact, go beyond safety and health at work and even beyond the health aspect in the widest sense. They come under the general heading of improving well-being and the quality of life.

Here again, Community action is needed to deal industrial nuisances and hazards. Indeed, failing action by the Community, the suppression of nuisances and hazards is hampered by the distortion of competition resulting from unco-ordinated national measures. Such action is already being taken under the existing provisions of the Treaties on some subjects (nuclear, coal, steel) or for certain specific purposes (elimination of technical barriers to trade). It must form the subject of a wider and fuller programme of analysis, studies, and legal, economic and social proposals which the Commission intends to draw up as soon as possible.

*iii)* Community action is also necessary in the matter of food additives — colouring matters and preserving agents — pesticide residues, safety standards for instruments and durable consumer goods. The Community is dealing with these problems as part of the elimination of barriers to trade, but the work must be speeded up.

#### **4. Improvement of women's working conditions**

There is still a wide measure of inequality in practice between the working conditions and remuneration of men and women workers. This is contrary to the spirit of Article 119 of the EEC Treaty, which lays down the principle of equal pay without distinction of sex.

This inequality — which is principally due to the position of women in economic society — can only be corrected by co-ordinated Community action. In the absence of such co-ordination, purely national measures to remedy the situation would be hampered by the distortion of competition resulting from differences between Member States. This applies in particular to revision of the often discriminatory classification of jobs as "masculine" or "feminine", the latter being less well paid because they are referred to as "light".

The Commission has launched a major campaign of information exchanges and enquiries to try and work out effective solutions. It intends to strengthen and extend this effort.

## 5. Integration of handicapped persons into active life

Most of the measures which can help in achieving this objective are no doubt a matter for the Member States. However, in view of the importance, extent and new aspect of this problem, the Commission considers that it should promote close collaboration between Member States in the matter, on the basis of Article 118 of the EEC Treaty.

In so far as a solution for the problem of finding employment for handicapped persons involves vocational training, the Community will give its help, particularly through the work of the Social Fund and especially in setting up pilot projects designed to avoid the repetition of costly experiments and to co-ordinate efforts to devise appropriate methods.

## 6. Social Budget

Over and above the medium-term forecasts of social security income and expenditure, a Social Budget should be drawn up at Community level, as decided in principle by the Council on 26th November 1970.

This budget should cover all social expenditure and provision of the necessary funds and should lead ultimately to a "medium-term social forecast" at Community level.

## 7. Collaboration between employers and employees

Implementation of all the measures listed above must be based on co-operation between all institutions with direct or indirect social responsibilities. In particular, the Commission intends to strengthen consultations and collaboration with employers' and employees' organisations, by all appropriate methods and avoiding waste of effort.

The Commission will also be consulting employers and employees in connection with economic and monetary union, in particular concerning the main lines of economic policy and the essential elements of government budgets, which are bound to affect social policy at many points.

Social objectives must also be achieved by contractual negotiations between employers and employees. The freedom of the two sides, which is recognised in all six countries, must be able to express itself at Community level by the conclusion of European collective agreements or at least, of model European collective agreements, to be used as a basis for the conclusion of collective agreements in each country.

Particular efforts should be made to :

- harmonise legislation on industrial relations,
- compile a European index of collective agreements,
- increase the number of joint committees in all sectors and branches of the economy.

## STATISTICAL ANNEXES

TABLE 1  
Employment trends by main sectors

Country	Years	Agriculture	Industry	Services	Civil servants	Total	Wage-earners
Percentage average annual variation							
Germany	1960-65	-3.8	1.1	0.9	4.6	0.7	1.5
	1965-70	-3.7	0.1	0.5	1.8	0.0	0.5
	1970-75	-3.9	-0.1	0.4	2.2	0.0	0.4
France	1960-65	-3.7	1.0	2.5	3.6	1.0	2.2
	1965-69	-3.8	-0.1	1.8	2.6	0.4	1.4
	1969-75	-4.1	1.3		2.1	1.1	1.9
Italy (1)	1960-65	-5.5	0.9	0.4	3.3	-0.9 (-0.1)	0.8
	1965-70	-5.7	1.1	1.2	2.3	-0.3 (0.0)	0.9
	1970-75	-4.1	1.8	1.6	3.2	0.9 (1.2)	1.8
Netherlands	1960-65	-3.6	1.9	2.5	1.0	1.5	2.2
	1965-70	-3.2	-0.1	2.4	1.4	0.8	1.3
	1970-75	-3.3	0.8	1.9	1.3	1.0	1.5
Belgium	1960-65	-5.1	1.1	1.5	3.0	1.0	1.9
	1965-70	-5.0	-0.3	1.9	1.9	0.5	0.9
	1970-75	-5.4	0.5	1.5	1.3	0.7	1.2
Luxembourg	1960-65	-3.1	1.5		1.4	0.8	1.6
	1965-70	-3.4	0.5		1.4	0.5	1.3
	1970-75	-3.4	0.8		0.8	0.4	1.2

TABLE 1 (cont'd.)

Country	Years	Agriculture	Industry	Services	Civil servants	Total	Wage-earners
		Percentage of total					Percentage of employed population
Germany	1960	13.7	47.9	30.3	8.1	100.0	77.0
	1965	10.9	48.8	30.5	9.8	100.0	80.4
	1970	9.0	49.0	31.3	10.7	100.0	(82.6)
	1975	7.4	48.7	32.0	11.9	100.0	(84.3)
France	1960	22.1	29.7	38.2	10.0	100.0	70.1
	1965	16.8	30.0	41.6	11.5	100.0	74.7
	1969	14.2	29.4	43.9	12.5	100.0	77.9
	1975	10.3	29.8		59.9	100.0	81.1
Italy (1)	1960	32.2	36.2	24.9	6.7	100.0	59.4
	1965	25.5	39.7	26.5	8.3	100.0	64.6
	1970	19.3	42.6	28.7	9.4	100.0	68.4
	1975	15.0	44.7	29.8	10.5	100.0	71.7
Netherlands	1960	11.1	41.0	36.2	11.7	100.0	78.8
	1965	8.6	41.9	38.0	11.5	100.0	81.7
	1970	7.0	40.0	41.2	11.8	100.0	83.7
	1975	5.7	39.5	43.0	11.8	100.0	85.5
Belgium	1960	8.6	44.7	35.7	11.0	100.0	76.5
	1965	6.3	45.0	36.6	12.1	100.0	79.9
	1970	4.7	43.1	39.1	13.0	100.0	81.2
	1975	3.2	42.7	40.7	13.4	100.0	83.0
Luxembourg	1960	16.4	44.1		39.5	100.0	70.5
	1965	13.5	45.7		40.8	100.0	73.4
	1970	11.0	46.3		43.5	100.0	76.4
	1975	9.1	47.4		42.8	100.0	79.1

(1) Physical units (in brackets = "full-time equivalents").

TABLE 2

*Dwelling units completed and number of dwellings subsidies<sup>(1)</sup>*

Country	Dwellings completed	1964	1965	1966	1967	1968	1969	1969 (first 9 months)	1970 (first 9 months)
Belgium <sup>(2)</sup>	Total number of dwellings	47 300	57 000	38 000	47 000	47 400	57 030	31 540 <sup>(3)</sup>	29 660 <sup>(3)</sup>
	Number per 1 000 inhabitants	5.0	6.1	3.9	4.9	4.9	5.9	—	—
	Number of subsidised dwellings	26 300	25 700	21 500	21 000	25 600	29 240	—	—
	% of total	55.5	45.0	56.6	44.6	53.9	51.3	—	—
Germany	Total number of dwellings	623 800	591 900	604 800	549 000	519 900	499 700	225 700	195 600
	Number per 1 000 inhabitants	10.7	10.0	10.1	9.2	8.6	8.2	—	—
	Number of subsidised dwellings	250 000	228 600	203 500	190 200	179 800	183 200	—	—
	% of total	40.0	38.6	33.7	34.7	34.5	36.7	—	—
France	Total number of dwellings	368 800	411 600	414 200	422 500	411 000	427 000	295 700	318 900
	Number per 1 000 inhabitants	7.6	8.4	8.4	8.5	8.2	8.6	—	—
	Number of subsidised dwellings	324 500	351 500	328 800	329 500	325 000	330 000	—	—
	% of total	88.0	85.5	79.4	78.0	79.0	77.3	—	—
Italy	Total number of dwellings	450 000	373 300	289 300	267 900	271 000	283 100	200 400	229 140
	Number per 1 000 inhabitants	8.5	7.0	5.4	5.0	5.0	5.2	—	—
	Number of subsidised dwellings	26 000	35 700	23 600	26 000	26 000	25 000	—	—
	% of total	5.8	9.5	8.8	9.7	9.6	8.8	—	—
Luxembourg	Total number of dwellings	2 100	2 400	2 200	1 800	1 900	1 870	2 080 <sup>(4)</sup>	1 930 <sup>(4)</sup>
	Number per 1 000 inhabitants	6.2	7.3	6.6	5.4	5.8	5.5	—	—
	Number of subsidised dwellings	600	900	600	700	600	530	—	—
	% of total	31.5	37.7	29.3	37.1	29.7	28.4	—	—
Netherlands	Total number of dwellings	101 000	115 000	121 700	127 400	122 800	123 120	85 500	80 040
	Number per 1 000 inhabitants	8.3	9.5	9.8	10.2	9.7	9.6	—	—
	Number of subsidised dwellings	66 100	74 800	87 000	96 000	101 600	104 500	—	—
	% of total	65.4	68.1	71.5	75.3	82.7	84.9	—	—
Community	Total number of dwellings	1 593 000	1 553 200	1 470 200	1 415 600	1 374 000	1 391 000	—	—
	Number per 1 000 inhabitants	8.9	8.5	8.0	7.7	7.4	7.4	—	—
	Number of subsidised dwellings	693 500	720 800	665 000	663 400	658 600	672 470	—	—
	% of total	43.5	46.4	45.2	46.9	47.9	48.3	—	—

(1) "Subsidised dwellings" are all dwellings for which public financial assistance is provided (loans, grants, interest subsidies) to hold the cost of building, buying or renting down to a level at which they can be bought or rented by the poorer section of the public.

(2) Unlike the figures for earlier years, the figures for 1968, 1969 and 1970 refer to dwellings started.

(3) First 8 months.

(4) Permits issued, 12 months.

TABLE 3

*Rent indices for the Community countries  
(except Luxembourg)*

Year	Belgium (1)	Germany	France	Italy	Netherlands
1958	100	100	100	100	100
1959	107.50	102	114	114	100
1960	107.54	109	133	125	111
1961	114.65	118	151	136	114
1962	120.41	122	163	149	117
1963	122.84	129	182	163	123
1964	127.70	137	191	177	127
1965	132.10	145	210	184	136
1966	140.30	158	228	192	146
1967	148.00 (2)	168	252	197	151
1968	.	180	273	206	163
1969	.	196	298	215	174
1970 I	.	200	312	222	178
1970 II	.	200	312	225	178
1970 III	.	202	312	225	178
1970 IV	.	202	314	226	178
1970 V	.	203	314	227	178
1970 VI	.	203	314	227	178
1970 VII	.	204	326	228	189
1970 VIII	.	205	326	229	189
1970 IX	.	206	326	229	189
1970 X	.	208	330	.	190
1970 XI	.	209	330	.	190
1970 XII	.	.	.	.	.

Source : Statistical Office of the European Communities.

(1) Index for dwellings constructed through the Société nationale du Logement only.

(2) Estimate.



TABLE 4

*Movement of house building costs**(% variation as compared with previous year)*

Country	Type of dwelling	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969
Germany	All types of living accommodation	+ 6.4	+ 6.9	+ 7.7	+ 4.6	+ 3.9	+ 3.6	+ 3.1	- 2.0	+ 4.4	+ 4.8
France	All types of living accommodation	+ 0.2	+ 1.8	+ 5.2	+ 9.7	+ 6.7	+ 5.6 (+ 2.5)	+ 1.7	+ 4.6	+ 5.7	
Italy	8-storey apartment blocks	+ 5.2	+ 2.5	+ 11.1	+ 16.1	+ 18.8	+ 3.6	+ 0.9	+ 5.5	+ 4.4	+ 7.6
	6-storey apartment blocks			+ 13.3	+ 13.2	+ 22.1	+ 2.6	+ 0.8	+ 5.2	+ 4.4	+ 5.7
	Single-family houses	+ 3.4	+ 3.3	+ 11.0	+ 8.0	+ 30.1	+ 0.3	+ 0.1	+ 5.4	+ 4.3	+ 5.9
Netherlands	Living accommodation built under current financial legislation (woningwetwoningen), traditional building methods	+ 2	+ 4.9	+ 6.5	+ 6.2	+ 8.3	+ 6.2	+ 5.1	+ 0	+ 6.9	+ 11.2
Belgium	Single-family, and multi-occupation houses, traditional materials	+ 5.7	+ 4.2	+ 6.0	+ 6.7	+ 11.9	+ 6.7	+ 9.0	+ 6.3	+ 3.1	+ 6.1
Luxembourg <sup>(1)</sup>		.	.	.	.	.	.	.	.	.	.

Source : Germany : Statistisches Bundesamt, Wiesbaden ; France : Ministère de l'Équipement et du Logement, Paris ; Italy : Società Generale Immobiliaria, Roma ; and Centro per la Statistica Azienda, Firenze ; Netherlands : Centraal Bureau voor de Statistiek, The Hague ; Belgium : Confédération nationale de la Construction, Brussels.

(<sup>1</sup>) The Luxembourg Service Central de la Statistique et des Etudes Economiques (Statec) has started work on compiling an official index of building costs.

TABLE 5

*Index of housebuilding prices in the Community countries*

(1958 = 100)

Country	Type of dwelling	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969
Germany <sup>(1)</sup>	All types of living accommodation	104.0	110.7	118.3	127.4	133.2	138.4	143.3	147.9	144.9	151.3	158.6
France <sup>(2)</sup>	All types of living accommodation	102.5	102.7	104.5	109.9	120.6	128.7	135.9	139.3	141.7	148.2	156.6
Italy <sup>(3)</sup>	8-storey apartment blocks	100.0	105.2	107.8	119.8	139.1	165.2	172.2	172.7	182.2	190.2	204.7
Netherlands <sup>(4)</sup>	Living accommodation built under current financial legislation (woningwet-woningen), traditional construction methods	90	101	106	113	120	130	138	145	145	155	172
Belgium <sup>(5)</sup>	Single-family and multi-occupation houses, traditional materials	99.6	105.2	109.6	116.2	124.0	138.7	148.1	161.4	171.6	177.0	187.0
Luxembourg <sup>(6)</sup>		.	.	.	.	.	.	.	.	.	.	.

Sources: Germany: Statistisches Bundesamt, Wiesbaden: Publication M "Preise, Löhne, Wirtschaftsrechnungen", 5th series. "Meßzahlen für Bauleistungspreise und Preisindizes für Bauwerke". — France: INSEE: Annuaire statistique de la France, 1966: Ministère de l'Équipement et du Logement. Italy: Società Generale Immobiliaria, Roma: Bolletino mensile "Costi nell'industria edilizia, attività edilizia". Netherlands: Centraal bureau voor de statistiek, The Hague: Maandstatistiek bouwnijverheid. Belgium: Confédération nationale de la Construction, Brussels.

(1) General index for the cost of constructing single-family houses and apartment blocks, covering not only actual building costs but also ancillary charges such as architects' fees and the cost of preparing the site. The original base year is 1962. The Saar has been included since 1960 and West Berlin since 1966.

(2) Cost of building living accommodation for the whole of France. The annual indices have been calculated from the quarterly indices: the original base is the fourth quarter of 1953.

(3) Index of construction factor prices (labour and some materials).

(4) This overall index relates to the cost of construction proper excluding architects' fees, inspection costs and other ancillary charges: the cost of installing central heating and lifts is also excluded. The original base is the year 1966.

(5) The original base for the index is the first half of 1939.

(6) The Luxembourg Service Central de la Statistique et des Etudes Economiques (Statec) has started work on compiling an official index of construction costs.

TABLE 6

*Gross national product and gross capital formation in housing  
(current prices)*

*(in thousand millions of national currency units and in %, Netherlands in million florins)*

	Year	Belgium	Germany	France	Italy	Netherlands
Gross national product at market prices	1963	696.0	384.00	411.99	31 261	52 858
	1964	778.3	420.90	456.67	34 179	62 154
	1965	848.9	460.40	489.83	36 818	69 368
	1966	914.2	490.70	532.54	39 829	75 395
	1967	978.0	494.60	573.23	43 804	82 997
	1968	1 036.9	538.50	628.52	47 134	91 870
	1969	1 143.9	602.20	725.64	51 456	102 340
Gross domestic fixed capital formation	1963	141.9	99.06	91.61	7 360	12 383
	1964	170.5	113.49	108.57	7 402	15 480
	1965	185.3	122.24	119.68	6 904	16 984
	1966	204.2	126.31	132.40	7 283	19 345
	1967	218.1	114.43	143.88	8 323	21 325
	1968	218.2	124.78	157.15	9 165	24 180
	1969	243.1	146.20	184.08	10 543	26 080
Gross domestic fixed capital formation in construction (dwellings, other buildings, construction work and engineering works)	1963	82.5	56.00	49.50	4 178	6 182
	1964	107.7	66.24	61.79	4 717	8 493
	1965	116.5	70.24	70.40	4 608	9 403
	1966	125.4	73.69	76.94	4 710	10 788
	1967	137.1	66.41	83.84	5 258	12 479
	1968	137.2	71.91	91.93	5 909	14 060
	1969	149.7	79.30	107.05	7 078	15 080
Gross domestic fixed capital formation in housing	1963	33.3	23.11	22.17	2 162	2 013
	1964	52.2	27.11	29.67	2 547	2 897
	1965	58.7	29.29	34.63	2 401	3 440
	1966	56.5	30.86	37.16	2 388	3 924
	1967	59.3	28.89	39.00	2 602	4 572
	1968	58.3	30.03	43.11	2 999	5 160
	1969	61.8	31.41	50.81	3 846	5 510
Gross domestic fixed capital formation as % of gross national product	1963	20.4	25.8	22.2	23.5	23.4
	1964	21.9	27.0	23.8	21.7	24.9
	1965	21.4	26.6	24.4	18.8	24.5
	1966	22.3	25.7	24.9	18.3	25.7
	1967	22.3	23.1	25.1	19.0	25.7
	1968	21.0	23.2	25.0	19.4	26.3
	1969	21.3	24.3	25.4	20.5	25.5
Gross fixed capital formation in construction as % of gross national product	1963	11.9	14.6	12.0	13.4	11.7
	1964	13.8	15.7	13.5	13.8	13.7
	1965	13.7	15.3	14.4	12.5	13.6
	1966	13.7	15.0	14.4	11.8	14.3
	1967	14.0	13.4	14.6	12.0	15.0
	1968	13.2	13.4	14.6	12.5	15.3
	1969	13.1	13.2	14.8	13.8	14.7

TABLE 6 (cont'd)

	Year	Belgium	Germany	France	Italy	Netherlands
Gross fixed capital formation in housing as % of gross national product	1963	4.8	6.0	5.4	6.9	3.8
	1964	6.7	6.4	6.5	7.5	4.7
	1965	6.9	6.4	7.1	6.5	5.0
	1966	6.2	6.3	7.0	6.0	5.2
	1967	6.1	6.2	6.8	5.9	5.5
	1968	5.6	5.6	6.9	6.4	5.6
	1969	5.4	5.2	7.0	7.5	5.4
Gross fixed capital formation in housing as % of total gross domestic fixed capital formation	1963	23.5	23.3	24.2	29.4	16.3
	1964	30.6	23.9	27.3	34.4	18.7
	1965	31.7	24.0	28.9	34.8	20.3
	1966	27.7	24.4	28.1	32.8	20.3
	1967	27.2	25.2	27.1	31.3	21.4
	1968	26.7	24.1	27.4	32.7	21.3
	1969	25.4	21.5	27.6	36.5	21.1
Gross fixed capital formation in housing as % of gross fixed capital formation in construction	1963	40.4	41.3	44.8	51.7	32.6
	1964	48.5	40.9	48.0	54.0	34.1
	1965	50.4	41.7	49.2	52.1	36.6
	1966	45.1	41.9	48.3	50.7	36.4
	1967	43.3	43.5	46.5	49.5	36.6
	1968	42.5	41.8	46.9	50.8	36.7
	1969	41.3	39.6	47.5	54.3	36.5

Source : SOEC

TABLE 7

*Stock of dwellings in the Community*

Country	Year (end)	Dwellings ('000s)	Number of dwellings per 1,000 population	Percentage of dwellings built		House building programme (number of dwellings to be built annually in the medium term)
				before 1945	before 1914	
Belgium	1968	3 493.5	362.7	71	47	60 000
Germany	1968	20 596.6	340.4	50	33	500 000
France	1968	18 256.1	377.9	72	47	510 000
Italy	1969	16 822.4	315.1	54	.	460 000 (estimate)
Luxembourg	1968	106	315.1	60	.	2 000
Netherlands	1969	3 687.5	284.8	54	28	125 000 / 130 000
						Community ± 1 660 000

Estimate of number of slum dwellings and number of dwellings requiring modernisation in the Community Countries

Belgium	400 000 dwellings are regarded as slums to be demolished 600,000 dwellings require modernisation
Germany	7 million of the 10 million dwellings built before 1948 need to be replaced or modernised
France	7,5 million dwellings fall below the elementary standards of modern comfort. From 1970 onwards, some 200 000 old premises will be improved each year
Italy	Several million dwellings need to be modernised
Netherlands	Of the 1 900 000 dwellings built before 1946, 350 000 must be regarded as slums and 250 000 as dwellings which can be improved

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