

European Communities

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EUROPEAN PARLIAMENT

# Working Documents

1982-1983

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September 1982

DOCUMENT 1-541/82

REPORT

drawn up on behalf of the Committee on Social Affairs  
and Employment

on the communication from the Commission of the  
European Communities to the Council (Doc. 1-849/81 -  
COM(81) 661 final) on medium-term projections of  
social expenditure and its financing

Rapporteur: Mr D. EISMA



By letter of 7 December 1981 the President of the Council of the European Communities optionally requested the European Parliament to deliver an opinion on the proposal from the Commission of the European Communities to the Council on medium-term projections of social expenditure and its financing.

On 14 December 1981 the President of the European Parliament referred this proposal to the Committee on Social Affairs and Employment.

On 30 April 1982 the Committee on Social Affairs and Employment appointed Mr EISMA rapporteur.

The committee considered the Commission proposal and the draft report at its meetings of 28 May, 23 June and 12 July 1982. At the latter meeting the committee decided unanimously to recommend that Parliament should adopt the Commission's proposal in accordance with the motion for a resolution.

The following took part in the vote: Mr PAPAEFSTRATIOU, chairman; Mr PETERS, vice-chairman; Mr EISMA, rapporteur; Mr BARBAGLI, Mr BOYES, Mr BROK, Mr CALVEZ, Ms CLWYD, Mr DIDO, Mrs DUPORT, Mr GHERGO, Mrs VAN HEMELDONCK (deputizing for Mrs SALISCH), Mrs KELLETT-BOWMAN (deputizing for Mr NICHOLSON), Mrs KROUWEL-VLAM (deputizing for Mr HORGAN), Mrs MAIJ-WEGGEN, Mr VAN MINNEN, Mrs T. NIELSEN, Mr PROTOPAPADAKIS (deputizing for Mr McCARTIN), Mr SIMPSON and Mrs SQUARCIALUPI.

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The Committee on Social Affairs and Employment hereby submits to the European Parliament the following motion for a resolution together with explanatory statement:

MOTION FOR A RESOLUTION

closing the procedure for consultation of the European Parliament on the communication from the Commission of the European Communities to the Council on medium-term projections of social expenditure and its financing

The European Parliament,

- having regard to the proposal from the Commission to the Council (COM(81) 661 final),
  - having been consulted by the Council (Doc. 1-849/81),
  - having regard to the opinion of the Economic and Social Committee,
  - having regard to the report of the Committee on Social Affairs and Employment (Doc. 1-541/82),
  - having regard to the result of the vote on the proposal from the Commission,
1. Endorses in general terms the Commission proposals, taking the view that subsequent projections of social expenditure and its financing in the Member States will provide a more comprehensive picture and more up-to-date information;
  2. Considers, however, that the objective of the projection, as described by the Commission is too limited;
  3. Hopes that these projections will form a basis for a Community social policy which must be geared towards convergence and ultimately uniform social security provisions, in particular unemployment benefits;
  4. Considers that these projections must provide the fullest possible information and be available quickly and that they must therefore relate initially to social security, although all other aspects of social policy should be covered in due course by the annual reports;
  5. Considers it desirable that in the section of the annual reports containing data on net payments to different categories of households:

- (a) these categories should take account of income, number of children, etc., of households where one partner is in paid employment and of those where both partners are in paid employment,
  - (b) these categories should also take account of the income and number of children of one-parent families,
  - (c) these categories should, in addition, take account of the families of handicapped persons or families in which handicapped children must be cared for,
  - (d) finally consideration should be given to families of old persons,
  - (e) priority should be given to a comparison of net incomes and gross income, and non-financial benefits should also be considered.
6. Considers it desirable that the section of the annual reports dealing with social protection should also cover other areas of social policy, with the information relating in the first instance to housing and adult occupational training and in a few years time also to education, social and cultural activities and community services as these policy areas are vital to the underprivileged groups in society;
7. Considers it desirable that the annual reports should also include information on certain groups which come into contact with the social services, with priority being given to the (unequal) treatment of men and women in the field of social security;
8. Believes that in one of the policy analyses which the Commission proposes to publish during the next four years a comparison must be made of unemployment benefits and the conditions for entitlement to these benefits which apply in the Member States in order to make the fullest possible use of Article 117 of the Treaty and that a comparison should also be made of invalidity, retirement and old-age pensions;
9. Believes also that in one of the policy analyses an evaluation must be made of the macro-economic costs and social consequences of unemployment and its significance for the individual, the family and the community;
10. Believes that both the financing and management of social expenditure must be analysed and that the study organized by the Commission into demographic factors and their impact on social expenditure should be

publicized in order to examine new means of financing social expenditure having regard to the ageing of the population;

11. Considers furthermore that benefits for women (with a distinction being made between married and unmarried women), for the handicapped and for old people should be considered as relevant subjects for a policy analysis;
12. Believes that the European Foundation for the Improvement of Living and Working Conditions (Dublin) and the European Centre for Vocational Training (West Berlin) must be involved in these policy analyses;
13. Believes that the Economic and Social Committee and the European Parliament must participate in the choice of subjects for these policy analyses;
14. Considers it desirable that - as well as being sent to governments and European institutions - the annual reports and policy analyses should also be forwarded to research institutes and university institutions dealing with social policy;
15. Considers it desirable that the Commission of the European Communities should send the annual reports for consideration and comment to the European Parliament to enable Parliament to debate the results;
16. Urges the Member States, in view of experience with earlier projections, to make every endeavour to supply the necessary information to the Commission of the European Communities;
17. Assumes that the Commission of the European Communities will give serious consideration to this resolution and will embody the additional proposals in its communication;
18. Wonders what the consequences of the cuts in social expenditure introduced by the Member States will be for citizens and for the quality of life in the European Community as a whole;
19. Instructs its President to forward this resolution as Parliament's opinion to the Commission and the Council.

EXPLANATORY STATEMENT

1. Up to now the Commission has produced two publications on the European Social Budget; the last one appeared in 1978. These contained medium-term projections of social security and health expenditure and its financing. As the published social budgets were of limited significance and incomplete for a variety of reasons, and some times even misleading because they contained out-of-date information, in 1978 the Council requested an evaluation and proposals for an amended publication. Government experts and the Directors-General for Social Security carried out this evaluation on behalf of the Commission. In 1979 the European Parliament adopted the resolution on the second European Social Budget<sup>1</sup> and the Economic and Social Committee delivered its opinion. The Economic and Social Committee delivered its opinion on 28 April 1982 on the present Communication from the Commission of the European Communities.
  
2. The Commission of the European Communities stated that the objectives of these projection were:
  - (a) to create a source of quantitative information on medium-term future trends and
  - (b) to create an instrument to aid national and Community decision making. The Commission considered that the latter aim would be achieved over a long period and in various stages.

This objective is not ambitious enough; the projections should be used as the basis for a Community social policy and in particular for a policy aimed at harmonizing social legislation in the Member States. In particular, uniform unemployment benefits in the Community could act as a spur for a Community employment policy. The projections should identify trends in social legislation on which charges in the legislation can then be based. Instead of Community consultation on social

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<sup>1</sup>Wawrzik report, Doc. 25/79  
Resolution of the European Parliament dated 24.4.1979,  
OJ C 127/79.

policy, efforts must be made towards harmonization so that Member States ultimately pursue a common policy. The rapporteur hopes that it will be possible in this way to supplement the reports by Mr Pininfarina and Mr Peters on the harmonization of social legislation in the Member States.<sup>1</sup>

3. The Commission proposes that the annual reports should have three sections:
  - (a) a summary of medium-term trends in the main constituents of social protection expenditure and revenue in the Member States. Additions to this are proposed in paragraph 7 of the motion for a resolution;
  - (b) data on the net benefits to categories of households (sickness, old age, unemployment, dependent children) by comparison with net earning. Additions to this are proposed in paragraph 5 of the motion for a resolution;
  - (c) information on constituents of social expenditure other than social protection in respect of which no usable information is available at present. Additions to this are proposed in paragraphs 5, 6 and 7 of the motion for a resolution.
4. The Commission also plans to publish two policy analyses in the next 4 years. However, these should not be limited to comparisons of income and expenditure. Subjects which seem suitable for such policy analyses are listed in the motion for a resolution in paragraphs 8, 9 and 11.
5. Paragraph 10 of the motion for a resolution asks for the question of financing and management of social expenditure to be considered. Now that the economic growth rate in the countries of the European Community is close to zero, that increases in government spending are restricted in many countries and that the use of available appropriations is coming under increasingly

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<sup>1</sup>Doc. 1-413/79 and Doc. 1-423/79.

close scrutiny it is extremely important to investigate how social services are to be financed and which method of financing ensures optimum utilization of scarce resources without an adverse effect on employment opportunities.