

# SOCIAL EUROPE

**3/87**



COMMISSION OF THE EUROPEAN COMMUNITIES

DIRECTORATE GENERAL FOR EMPLOYMENT,  
SOCIAL AFFAIRS AND EDUCATION

*Social Europe*, published by the Commission of the European Communities, Directorate-General for Employment, Social Affairs and Education, deals with current social affairs in Europe. The review is divided into several parts: the first gives an overview of developments and current events in the fields of employment, education, vocational training, industrial relations and social measures; the second part covers conferences, studies and other information destined to stimulate the debate on these issues; the third part reports on the latest developments in national employment policies and on the introduction of new technologies. In addition, once a year, *Social Europe* supplies statistics on social trends in the Member States.

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## The social dialogue

On 7 May 1987, the two sides of industry met once again in the context of the 'Val-Duchesse' dialogue. On this occasion, the meeting took on a very special quality owing to the presence of the President-in-Office of the European Council, Mr Wilfried Martens.

The meeting took place in two parts. During the first part, which took the form of a work session between the Commission and the two sides of industry, President Delors, accompanied by Mr Marin and Mr Pfeiffer, firstly reminded the Unice, ETUC and CEEP delegations of the importance of the 1992 deadline for the completion of the internal market and of the part which both sides will have to play in that process. In their contributions to the discussion, both sides showed themselves to be fully aware of the social aspects connected with the completion of the single market.

The participants then discussed the work carried out by the two working parties set up as a result of the first Val Duchesse meetings, the 'Working Party on Macroeconomics' chaired by Mr Pfeiffer and the 'Working Party on New Technologies' chaired by Mr Marin.

The two working parties had drawn up two joint opinions, one on the coop-

erative growth strategy for more employment and the other on training, motivation, information and consultation of workers.<sup>1</sup>

The opinions were endorsed by the two delegations which decided that the dialogue should continue within the same working parties. Consequently, in the coming months, the Working Party on Macroeconomics will focus its attention on topics still outstanding when the joint opinion on the cooperative strategy was adopted while the Working Party on New Technologies will tackle the problems of the internal and external adaptability of firms and in particular the problems of the organization of work within firms.

The President-in-Office of the European Council, Mr Wilfried Martens, accompanied by the Belgian Minister for Employment, Mr Hansenne, and the Belgian Minister for the Economy, Mr Maystadt, then joined the meeting. Mr Martens underlined the importance he attached to the social dialogue and its European dimension. He wished to be informed directly of the position of the two sides of industry before the European Council to which he intended to submit the joint opinions drawn up in recent months.

The opinions may not have any legal value but they none the less demon-

strate the very real European commitment of the employers and the workers. They provide an indication of the approach which should develop in the Community towards the problems posed by the growth and the training, information and consultation of workers, particularly at a time of increasing technological change.

The two sides of industry have had a year in which to exchange views and analyse the problems confronting each side in the fields concerned. Discussion has not been limited to a few specialists in European affairs but has extended to the responsible bodies of both the ETUC and Unice. The value of the Community social dialogue lies precisely in the fact that it makes it possible to make a better assessment of the respective positions of the two sides, at a time when efforts to accomplish the single market are increasing, to examine together and in total frankness what courses should be followed, particularly in the social field, in order to meet the 1992 deadline.

The fact that the two sides of industry have already been able to make such progress together justifies the hope that dialogue will continue to prove equally productive in the months to come.

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<sup>1</sup> See *Social Europe* No 2/1987.





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# **Part One**

## **Actions and guidelines**



# Adaptability in the labour market

## Introduction

**The issue of the adaptability of businesses in their various markets has for some time been a matter for discussion by all interested parties in the context of slowed economic growth and the crisis in employment in EC countries. The accelerating structural change of the economy and society as a result of technological changes, the stepping up of international competition, variations in demand, the change in the understanding of social roles, different employee expectations etc. demand from companies a more efficient capacity to respond to new situations. Adaptability applies in many ways to all the functions of any firm (output programme, purchase and sales markets, finance facilities, etc.) but in the context of this article we shall be dealing with the question of internal and external adaptability with regard to employment.**

This aspect of adaptability can be examined in a number of ways. For example, internal adaptability will relate to reorganization within the workforce (different statements of the terms of employment, internal transfers, different criteria of evaluation and related payment, training, retraining and further training within the company, etc.) or variations in working hours (different ordering of working hours in accord with output and sales variations, and, according to the wishes of the employees, overtime regulations, part-time work etc.) while maintaining the number of employees. External adaptability of businesses within the field of employment significantly relates to the quantitative and qualitative variation of the number of employees (employment and dismissal, temporary work etc.).

Another organizational framework that overlaps with the division into internal and external adaptability relates to so-called numerical adaptability on the one hand and functional adaptability on the other. By the former term we mean in general the purely numerical possibilities of variation with regard to workers, whether through hiring and dismissal of permanent full-time employees and the deployment of temporary workers or the variation of the number of hours worked by employees. Functional adaptability, on the other hand, aims for a different qualitative arrangement of the workforce, which is attempted through reorganization of assignments, through retraining and further training, the deployment of new workers in different areas of a reorganized workforce etc., with the goal of setting in motion a changeover towards better training and use of 'human capital'. Numerical adaptability is frequently of a short-term nature, whereas its functional variant takes longer-term propositions into account.

Business adaptability in the field of employment depends on a whole series of influential factors, which to a large extent are codified in legal regulations and/or laid down in collective agreements. It should also be noted that this is treated differently in the different Member States of the EC, as the interplay between collective contract agree-

ments and legal regulations shows a high degree of variation. In all Community countries, however, the question of increased 'flexibility' in the labour market (inside and outside the business) has been the subject of discussion, particularly with the aim of enabling an increasingly large number of those seeking employment to find work, with a view to speeding up a fall in mass unemployment, under conditions that are both socially acceptable and economically viable.

As adaptability in the labour market in practically all Member States is a political, economic and social problem of the first order, the Community bodies have repeatedly discussed the issue. As a result, in November 1986 the European Parliament accepted a series of decisions on the restructuring of the labour market,<sup>1</sup> in which the significance of new and flexible forms of employment is stressed, and reference is made to the possibilities and the key role of the person in the European economic and social model in terms of adaptation to structural changes. It is also emphasized that training and motivation of employees is a decisive factor in the adaptability of our economies, which must be strengthened by the continued dialogue of single-State and Community institutions with management and labour.

In its resolution of 22 December 1986 on an action programme on employment growth<sup>2</sup> the Council of Labour and Social Ministers placed particular stress on the improved functioning of labour markets both inside and outside businesses. This adaptability must, in the terms of the resolution, be realized on a number of different levels, to cut down high levels of unemployment and mobilize human resources, while quick and efficient labour-supply services should be planned, the system of mutual recognition of vocational training certificates reinforced, restrictions on new forms of employment removed and social protection and conditions of labour taken into consideration.

<sup>1</sup> OJ C 322, 15. 12. 1986.

<sup>2</sup> OJ C 340, 31. 12. 1986.

The basic points of the resolutions of the European Parliament and the Council of Ministers are also actively taken onto a Community level in the Commission's 1985 social partners' dialogue, particularly as it deals with a series of issues which particularly affect the social partner. Previous work within this area has already led to joint statements on a number of points, particularly concerning the support of management and labour of the cooperative growth strategy suggested by the Commission and authorized by the Council, developed and continued in the Annual Economic Reports of 1985 and 1986,<sup>3</sup> and in the field of training, motivation, information and consultation of employees with the deployment of new technologies;<sup>4</sup> these should have a positive influence on the respective national and sector discussions.

To support and stimulate this dialogue, the Commission accepted a communication about internal and external adaptation of firms' relation to employment<sup>5</sup> and passed it on to all the interested parties; it touches on a series of issues in this context and gives a brief survey of the corresponding state of development in the individual Member States. The document also goes over a few significant development tendencies and concludes by introducing some points for discussion. Current tendencies are examined in terms of the following categories:

- (i) the organization and content of work, training and involvement of workers;
- (ii) adaptation of working time;
- (iii) multiplicity of employment contracts;
- (iv) wage adaptation;
- (v) dismissal and recruitment systems.

These five subjects are, in the opinion of the Commission, along with the issue of geographical mobility, which will not be treated any further in this context, the chief elements forming and shaping our present discussion of adaptability in the labour market in one way and another. They also contain the abovementioned aspects of internal and

external, or numerical and functional adaptability as well as different insights as to the levels on which different expressions of adaptability are important or politically formed.

In the course of this article the individual five aspects will be briefly examined in terms of the above scheme. Some conclusions will be added.

### **The organization and content of work, training and involvement of workers**

In terms of technological change, altered demand and the tendency to faster developments in the tertiary sector, internal adaptability of businesses demands, first and foremost, changes in the organization of output and work, as well as in work content; this process will occur differently according to the area of business, the type and size of concern and related technology. Apart from this, the effects of this change did not become apparent at the same pace in the industrial and service sectors, although it is also apparent that on the one hand many types of work from the secondary and tertiary sectors mutually interpenetrate, and on the other hand that services from traditionally industrial concerns have become exclusive and independent. This process will continue to increase in the near future, if larger communications networks result from a merger of the information and telecommunications industries and have a consequent effect on the organization of work within business concerns (centralized, decentralized, strongly hierarchical, relatively autonomous, spatial and temporal concentration etc.). The resultant reordering of jobs within businesses affects all levels from executive to manual worker, and demands flexibility and mobility from all concerned, which has a consequent effect on the resultant business hierarchy. Work becomes more interdisciplinary, with broadly determined tasks of performance, checking and co-ordination, to be carried out in groups, with data-processing becoming increasingly important. This type of work organization is clearly organized less hierarchically, involving more responsibility

from the individual groups of employees, but can also mean a lowering of status for some employees, a loss of knowledge and a destabilization of labour relations.

This change in the organization of work results in profound changes in the distribution of working hours for people and machines, with high demands being placed on training and knowledge. Training for re-arranging technical processes is related to the concrete handicaps, in terms of production and productivity, which employees find themselves confronted with. These new qualifications demand an understanding of machines, electronics and information technology that is required in varying degrees at all levels of business. To some extent businesses recruit qualified and specialized employees from the labour market, but in the majority of cases the business in question, or the supplier of the new technologies, undertakes the required training itself; this does not always appear to occur in the best possible way, if only basic knowledge is provided during training, aimed at fast and short-term profitability, while the necessity of wide theoretical and practical knowledge, and recognized qualifications, valuable in all sectors of business, are inadequately considered. Despite the mobilization of considerable financial sums towards training and further education, there is generally a noticeable lack of training in new techniques; the problems of small and medium-sized businesses should here be taken into account, and this should lead to flexible and open training programmes being made available to them, as these businesses will be very important in the creation of jobs in the future.

A more effective meshing of measures for training, retraining and adaptation, along with the motivation of employees within the company, will occur more efficiently and smoothly if employees are involved in this process from the beginning, and according to the prevailing conditions, are at least educated

<sup>3</sup> Joint statement, 6. 11. 1986.

<sup>4</sup> Joint statement, 6. 3. 1987.

<sup>5</sup> COM(87) 229.



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in the use of new technology or widely counselled in its use. This set of issues, after being discussed over the last few years by the Community institutions as mentioned above, was also the subject of discussion by both sides of industry at Community level, leading to a joint statement. In many Community countries the training of employees is determined by legal regulations and numerous collective agreements, although there are also signs that this exchange of information is in many cases still not regulated as efficiently as it might be.

The demand for open-mindedness as a response to a series of changes that are not only technical but also economic and social is one of the chief factors in establishing efficient and socially responsible adaptability among businesses, and the chances of these businesses to produce profitably, create

new posts and shape the content of work so that the higher level of general school education is taken into account and men and women can develop equally well in all occupations. It is also important to emphasize here that in this respect longer planning periods should be reckoned with, and that the resultant company costs are often easier to calculate than the yields of individual employees and employers as well as of society as a whole. Cooperation in these matters by all the groups involved is therefore particularly important, to convert a balanced consideration of long- and short-term effective factors into action. For the modernization of our economies as a whole, a better interlocking of training, retraining and labour market requirements is imperative, to increase the employment intensity of economic growth.

### Adaptation of working time

A negative situation in the labour market as well as economic and technical factors have led to an increasing amount of discussion over the last few years of the question of the restructuring of working hours, and often to a change in the organization of production time. Taking into account the resultant micro-economic situation, it usually depends on the creation of the more efficient use of factory time, which usually implies that individual work time is separated off from operational time. In collective negotiations, especially on an inter-sectoral or sectoral level, or, if necessary, with the help of supportive legislation, the chief concern is that of altering the conditions under which the different forms of restructuring can develop, to do justice to the greatest number of often

contradictory aims. In Belgium, for example, the amount of working time per week has generally been established as 38 hours on average, in France working time was reduced to 39 hours per week, and in Denmark and West Germany similar developments are becoming apparent, so that by 1990 or even 1989 the metal industry and other sectors are aiming for 37 hours per week. In Italy and the Netherlands, shorter and restructured working hours are going ahead. The trade unions and some governments have been the chief forces behind the introduction of measures to change working hours, and they are still introducing these measures to improve employment prospects for the future, although it is also noticeable that this agreed shortening of working hours is usually not undertaken in a linear and schematic way, but to a large extent reflects the attempts of employers to make full use of capital equipment and variations in economic activity.

The adaptation of working hours has often led to new regulations and innovative forms of employment: shift work (e.g. 2 x 6 hours instead of 1 x 8 hours daily), weekend work (e.g. 2 x 12 hours on Saturday and Sunday), increased part-time work, temporary work (in which phases of working time can alternate with phases of free time), extension of flexible and sliding working times, restructuring of annual working time, etc. These forms frequently depend on the gradual separation of individual working time from production time. This also means sometimes the working time of different groups of employees will be differentiated, usually according to their qualifications.

In some countries, e.g. France and Belgium, the State authorities grant financial support to companies introducing new regulations on working hours, if this means the maintenance or creation of jobs. In the latter country, innovative regulations at the business level inspired management and workers to a general agreement about working time regulations, concluded on 23 April in the National Labour Council, which takes the form of a wage agreement applicable to all sectors apart from the dis-

tribution sector, since a corresponding law has been published in June 1987. Growing competition in the production and services markets causes businesses to restructure working hours in such a way that production costs do not rise and the qualification structure among employees does not form a bottleneck. Even if measures for the adaptation of working time can improve the competitiveness of individual businesses, the question may still be asked as to whether the profitability of all businesses can be increased to the same extent. Market-dependent use of the production apparatus, including night and weekend work, could simply mean a shift in production, with negative effects for businesses unable to differentiate their working times in this way. Apart from the demand-increasing effects of lower prime costs due to a more efficient use of production capacity, greater net product demands a general policy of economic revival, so that for the appropriate use of the means of production the indispensable demand can be created.

More flexible use and development of human resources in terms of time will probably demand great efforts in the field of training and retraining both inside and outside the business, to avoid bottlenecks as well as to improve the integration of employees at all levels. To carry out this process more efficiently, measures involving working time are combined with those involving training, for example through the expansion of possibilities such as educational leave and measures for further training as set out in collective agreements.

It must be remembered that extended use of operational time and the introduction of more night and weekend shifts, especially on Sundays, possibly involving greater operational flexibility and the creation of more jobs particularly for women in industry, could also involve certain disadvantages, such as for example too much stress on persons on the night shift, the operational and social costs of a fall-off in productivity, more time lost through illness, family and social pressures, which could finally have a negative effect on the flexibility of

the business. Apart from this, other effects, notably those to be felt outside work, should be noted, such as a certain lack of coordination with school and traffic times, housework, particularly among one-parent families, and the division, between partners, of family and professional responsibilities.

All in all it can be seen that restructuring and shortening of working time, chiefly because of chronically high unemployment, remains an important instrument in the fight against the employment crisis, as long as this instrument is used in economically viable situations and enables businesses to achieve greater flexibility in terms of operational time. According to the area of business, the size of the concern and its field of activity, this instrument must be built up in a concrete manner and, as experience teaches us, can be applied relatively flexibly, so that it can also be observed that a short individual working time renders possible its more flexible application. As several surveys have shown that a considerable number of employees would prefer to work either fewer hours or to have their time reorganized, rather than working conventional hours, and that many other possibilities of job restructuring in business have still not been exhausted, there is still enormous potential for a flexible division of the amount of work available under certain conditions, which should be used both in collective negotiations and individually both for the good of the individual employee and to the benefit of the business in question.

### **Multiplicity of employment contracts**

As well as differentiated working hours for full-time employees, so-called atypical employment situations have increasingly come into being, particularly affecting the employment of new workers in certain countries in the recent past. It is chiefly a question here of part-time work, which has increased considerably in some countries for some time, fixed-term employment contracts and temporary work, as well as other quantitatively less significant forms such



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as tele-work in various forms, work on call as a subform of part-time work and subcontracting.

In some countries the relevant legal regulations were changed, so that the use of these working relationships has been encouraged by the State. Also, several governments have included so-called atypical employment in their job-creation schemes and programmes for workforce expansion, particularly to the benefit of young and long-term unemployed people.

The increase in the number of so-called atypical employment situations corresponds to a need among businesses to adapt themselves particularly to short-term changes in the market, and in many cases to accommodate employees seeking this kind of employment contract so as to divide up their

time more efficiently. Despite this, however, certain problems arise as a result of the increased use of these employment relationships, which frequently indicate the limits of their effectiveness:

(i) in most cases businesses use these employment relationships, in which employees are recruited from the so-called secondary labour market, where women are disproportionately represented, and which is characterized by workers with few qualifications, to accommodate upward blips in the market. Greater long-term adaptability with the help of these employees is less liable to be successful insofar as increasingly high-quality assignment possibilities tend to become rather limited, particularly when questions of employee motivation and good

working conditions play an important part in keeping a valuable workforce attached to the company;

(ii) a second point is the conditions of employment, as well as labour law and social legislation, as they affect the employee in question. In many cases they do not enjoy the corresponding possibilities with relation to the possibility of further training, participation in work committees and hourly pay equity for equal work. Recently, among the different forms of part-time work, there has been an increase among precisely those employment relationships that lie below the threshold of legal social insurance. This can also mean that access to occupational schemes of social security is withheld and that — if they are involved

in a pension scheme — income-related provision for old age is very disadvantageous. On the one hand it should also be pointed out that the ceiling for the calculation of social insurance contributions can make the division of full-time jobs into part-time work for reasons of labour cost more difficult, although it can also often be observed that the hourly productivity rate of part-time workers who have become used to the work is higher than that of the equivalent full-time workers, so that such a division can make sense; on the other hand the argument against making too much of a demand is that only reduced contributions to legal health insurance are made, while full benefits are enjoyed;

- (iii) the inclusion of a large number of workers not corresponding to the standardized full-time employment relationship can overburden the regular work-force, who have to help and train the relatively short-term 'atypical' workers, which can lead to bottlenecks in other areas. If the concept is extended to work done at home, subcontracting etc., problems of coordination, quality checking, the reliability of the work done, etc., become more intense, which can limit the flexibility of a business even if technical difficulties can to some extent be overcome by telecommunication.

To summarize, it may be said that the so-called atypical employment situations described above can lead to a more fair and efficient division of labour within an enterprise (although situations in individual firms can vary a great deal), but that general working conditions should be made more agreeable, particularly where there is no indication that more jobs are offered to employees precisely in cases where questions of social security and other defining factors, either legal or related to collective agreements, are least in evidence. The creation of different employment relationships which can certainly benefit a number of employees, at least at certain

stages of their lives, although the large majority of employees seek full-time jobs for financial and other reasons, should be done with care to offset where possible the danger of greater segmentation of the labour market, which could also obstruct greater qualitative flexibility in that labour market.

### **Adaptation of wages**

Since the beginning of the eighties, most Member States have pursued a moderate wage policy, which, in macro-economic terms, shows that the index of real wage costs per capita fell by 6% in relation to productivity during the period 1981—86, which also contributed to the increase in profit margins. This indicates that workers and management increasingly took labour market developments into account when working out wages, and it should be noted that in some countries the simultaneous negotiations to reduce and restructure working time are also a part of this.

In line with these wage moderations, certain measures were introduced to provide a certain elasticity in the setting of wage levels. Here it is a case of modifying or totally abolishing the indexing of wages to consumer prices (e.g. in Belgium, Denmark, the Netherlands, Greece and Italy) and efforts to adapt certain wages (legal minimum wages, young people's first incomes, etc.) and the difficult position of these groups to the conditions of the labour market. In some countries, also, measures were introduced in the field of fiscal and social legislation to change the relation between net and gross income, or to keep down labour costs for particular sectors of employees by means of time-limited exemptions or reductions in employee social security contributions.

During the last few years, and right through to today, great efforts have been made for a fairer differentiation of wages within companies, according to job and performance. In collective agreements, such considerations are being taken more and more seriously, and surveys of employees show that the workforce is

interested in this.<sup>6</sup> The following arguments in particular support these observations:

- (i) the wage scale in any company does not always correspond to technological and social demands for profitability, if it relates to a system of production that cannot make use of the abilities of even those workers who are available; a greater degree of wage differentiation according to jobs within a company can lead to better deployment of the workforce;
- (ii) a higher level of job-satisfaction among the workforce is often related to more productivity-related earnings. The skills of the workforce could be better used the stronger the connection between income and productivity. An appropriate differentiation in wage levels can encourage measures towards more interesting jobs, and the rotation of suitably-trained workers.

But the question of increased wage flexibility in businesses must be treated with care. The following observations argue for this, and should be taken into account in the wage policies of companies and the relevant wage agreements;

- (iii) when collective agreements are being negotiated, the issue of wage differentiation on the basis of a company's financial situation at a given time is not the only issue to be taken into account, but also a policy for the stabilization of sales markets, in particular consumer purchasing power, whose chief source lies in wages, should also be considered. But if wages and salaries rise or fall in relation to profits, the stabilization effect stays within narrow limits and the total political effect of such a concept in terms of employment is very uncertain;

<sup>6</sup> Employment prospects: views of businessmen and the workforce, *European Economy*, No 27, March 1986.



- (iv) the connection between wages and the (marginal) productivity of the employee is difficult to determine for a number of reasons, although this is truer for the service industries than it is for the industrial sector. The production and supply of services always tend to be carried out by a relatively large group or team, which is why individual wage determination is to some extent arbitrary. This correlation is sometimes even turned on its head, insofar as wages often determine the productivity of the employee by way of his or her motivation to carry out the required tasks;
- (v) relative stability of a given business' wage scale, agreed between employees and management representatives, contributes significantly to peace on the factory floor and economic and social productivity, over and above mere technical productivity. Occasional raises in income are an encouragement to develop within the job, and also contribute to greater motivation;
- (vi) while wage and salary differences between jobs are important for flexibility between businesses, in encouraging employees to change firms, branches or occupations, internal flexibility could be increased by a smaller number of jobs and possibly a limited wage scale.

Apart from the negotiation of wages in the narrower sense, there are also indications that wages in an increasing number of firms are becoming more flexible by virtue of the fact that employees are given a share in the profits, capital growth or the assets of the company. This kind of initiative, which is given legal backing in some countries, can contribute to a higher level of motivation among employees, to increase their financial share in the enterprise and strive for a more efficient deployment of the production factor 'labour' (and even for relatively stable employment contracts in exchange for income variations within limits) and to work for economic growth through the earmarking of their income for investment. It should not be ignored, however, that cases such as

these could increase 'selfishness' within the company, making new appointments difficult. Apart from this, employees would stand to lose their share in the company in the case of bankruptcy, and furthermore such a policy could lead to clashes with the original shareholders over which policy they should follow. It is also generally true that, if wages are closely structured to follow profits, as is sometimes suggested, then profits will tend to level out within the economy and in the longer term fulfil unsatisfactorily their function to guide investments which would impair the modernization of the economy.

These observations, drawn from contemporary practice and policy, show at least that flexibilization of wages on its own will not necessarily bring about efficient organization of work, and that its positive and negative effects are therefore to a large extent determined by concrete circumstances. Management and workers must therefore take into account the different functions of the wages of individual employees in terms of the size and structure of wages and salaries within a business, a sector or the economy as a whole, and the effect on their families' standard of living. This can be explained by saying that wages and salaries are not simply an economic price to pay, but that they also fulfil an important role as a source of income and motivation.

### Dismissal and recruitment systems

The continued development of adaptations within company procedures and the internal assignment of tasks, and changes in working hours, are not the only major factors affecting the adaptability of businesses; also significant are the number of dismissed and newly appointed employees and the factors and regulations which come into play in that context. Recently the existing regulations relevant to this issue were eased in a number of countries, as the relevant governments were convinced that economically necessary dismissals would

encourage the economy to provide additional employment as soon as the economic outlook improved. To what extent this is actually true is hard to say, as a series of factors affects this employment situation, of which regulations concerning dismissal are only one among many. It is still possible, however, that in times of economic change and increased uncertainty of demand, as has been the case in recent years, the average change in terms of this issue has become more significant, and surveys in some, but by no means all EC countries, show that dismissal procedures and periods of notice are seen as an obstacle to the creation of new appointments.<sup>7</sup>

The following aspects should be noted when this subject is considered in terms of business adaptability:<sup>8</sup>

- (i) in view of the expenditure caused by dismissal damages and legal costs, businesses prefer to keep on a number of superfluous employees in economically unfavourable times. On the other hand, these costs are added on to normal costs, which is why businesses either do not take on new staff at all, or only on a temporary basis, and try instead to replace workers by machines;
- (ii) dismissal damages and legal costs tend to widen the gap between the workforce and those seeking employment. This could also decrease the pressure on wages and salaries caused by unemployment, and in the case of a negative correlation between wages and workforce, could lead to a drop in number of those employed; on the other hand, job-security lessens the risks for employees, making for a lower level of wages and salaries than would otherwise have been the case, and thereby creates favourable conditions for the creation of new jobs;

<sup>7</sup> See note 6.

<sup>8</sup> See also M. Emerson: regulation or deregulation of the labour market, 1986.

(iii) the lower likelihood of dismissal leads to a lower level of work, and makes the dismissal of low-performance employees difficult; but it can also be said that this relative job security increases the job satisfaction of the workforce, encourages the employment of more workers and thus increases economic achievement; apart from this, employees can also, because of their greater sense of security, become more responsive to technical change and therefore to greater mobility within the company; over-frequent changes of staff on the 'hire and fire' model can result in exaggerated worker mobility outside the company, and lead to a bad use of employees and a loss of human capital;

(iv) in times of very high unemployment, employers lay down very strict standards when recruiting, thus curtailing the mobility of those in work, as they fear that they may not be able to find another job.

These observations on dismissal and employment regulations may clarify how difficult generalizations in this area can be. They may at least show that changes require a solid basis, and must be tested out from various points of view, both long-term and short-term, and that they should lead to improved production structures within companies. It should also be noted that a relaxation of the relevant regulations can have a more positive effect in individual businesses than in a particular sector or society, as such regulations, the effects of which are barely measurable, must be interpreted in terms of their economic and social context.

## **Conclusions**

The above general observations on adaptability in the labour market and the workforce, developing on from the Commission report mentioned above, and making no claim to comprehensiveness, show that the concept of adaptability or flexibility is very problematic and at the same time too complex to permit simple answers to the challenges made to us in this area. As the labour market is a part of the total set of economic and social relations, it will always be more difficult to make precise changes in the field, and even more difficult to judge their actual effects.

It is undoubtedly true that regulations introduced in the past, for example in the establishment of fixing working hours, the determination of wages or in questions of dismissal, became less efficient and lost acceptance in the course of time; but in cases of conflicting interests, which could change significantly over time even through a changed understanding of the same situation, it seems appropriate in most cases fully to discuss any changes, and only to carry them out in agreement with management and workers and governments, as a half-baked policy in this field would do more harm than good. This is also one of the reasons why the Commission granted a greater role to management and labour at Community level, according to Article 118B of the EEC Treaty following the introduction of the Single European Act. It is now a case of fleshing out this article, and after management and labour have made two joint statements, the Commission hopes that the broad subject of adaptability may be given some common guidelines, which

will then be put into effect in the actions of individual States and sectors.

The issue of adaptability has already been discussed by both sides of industry at Community level at the end of May. The main concern was to formulate points of departure, to examine under which conditions certain forms of flexibility in the labour market would respond best to the various interests and to see how the modernization of our economies, which in fact is the underlying aim of more adaptability in all markets, can be achieved in the best way.

The communication of the Commission, on which this article is based, has also been discussed, what is inherent to the nature of the issues under consideration, by the Council of Ministers on Employment and Social Affairs on 26 May and, at the end of June, by the Standing Committee on Employment. In this framework it is of particular importance that the conclusions of the chairman of this trilateral body, which in essence are shared by all participants, permit to carry the discussion further and to focus the considerations more in particular on the fundamental rights of the workers with regard to social protection and to employment conditions, which will have to be guaranteed in any case. Precisely the exchange of views in this body renders it possible to produce and to maintain the necessary cohesion between the points of view of the social partners and of the governments in this area, because the roles of the political actors are — despite all national differences — complementary to each other and have to be concerted if progress is to be made in this field of action.

**Klaus Kädling**

# Actions to combat long-term unemployment

*Over half of all unemployed workers in the Community have been without a job for 12 months or more — a recent Commission memorandum assesses the problem and the Community's response.*

**In 1984, the Commission of the European Communities reported an alarming increase in the number of people who had been without work for lengthy periods (COM(84) 484 final). The subsequent Council Resolution of 19 December 1984 agreed a set of policy actions to tackle the problem of long-term unemployment. Since then, long-term unemployment has increased in scale throughout the Community and has become a priority for action at national and Community levels. The Commission has recently submitted a memorandum on action to combat long-term unemployment in response to the concern expressed by the European Council. The memorandum reviews the unemployment problem as it has developed and assesses the effectiveness of government actions to date. The Commission proposes to support national actions through information campaigns, the exchange of national experiences, the improvement of statistical information, and by increasing the proportion of the Community's financial means devoted to improving the employment prospects of the long-term unemployed.**

## *The problem*

Long-term unemployment has taken an increasing hold on the European labour market. Out of the 16 million people currently registered as unemployed in the Community, some 8 million have been unemployed for a year or more. Indications are that over a third of those 8 million have been unemployed for more than two years.

The problem is widespread and affects all areas of the Community. It affects all categories of people, but with some geographical concentration. It is most marked in those regions of industrial decline and a high level of unemployment. There are difficulties in comparing statistics based on unemployment registration data since these are influenced by different national administrative and legislative provisions.

An alternative source is the Community labour force sample survey which provides more comparable information. In certain cases it can also provide further relevant information on long-term unemployment such as previous occupation, the household situation of those affected, regional aspects etc. In addition, it sheds some light on the wider

impact of prolonged joblessness such as the extent to which unemployed people and particularly women become discouraged and eventually leave the labour force.

Long-term unemployment is a particular aspect of European unemployment and reflects the way that the industrialized European economies and labour markets work. It results from a number of factors:

- (i) the inadequate rate of new job creation;
- (ii) the industrial and regional concentration of the effects of structural and technological change over the past decade: some of the worst effects of long-term unemployment are concentrated in declining urban and inner city areas;
- (iii) the way that the labour market works with those unfortunate enough to lose their job bearing most of the burdens of adjustment;
- (iv) the fact that employment and social security systems are not necessarily geared to giving the right support or incentives for the re-employment of the long-term unemployed.

**Long-term unemployment — as a percentage of total unemployment**

	1983	1984	1985
Belgium	64.1	67.1	68.3
Denmark	32.2	30.9	32.0
FR of Germany	38.4	43.4	46.9
Greece	32.3	37.1	43.4
Spain	52.5	53.4	56.3
France	39.6	39.1	43.8
Ireland	35.3	44.5	62.2
Italy	54.6	60.5	63.6
Luxembourg	32.7	29.3	36.8
Netherlands	46.9	n.a.	56.4
Portugal	45.2	43.5	48.4
United Kingdom	44.8	45.5	48.7
EUR 11 <sup>1</sup>	46.5	48.6	—
EUR 12 <sup>1</sup>	—	—	52.3

Source: Labour force sample survey.

<sup>1</sup> Estimated

### Main issues

In its 1985—86<sup>1</sup> annual economic report the Commission stated that changes in policies were needed to improve the outlook for growth and employment. To this end, it proposed a co-operative growth strategy for more employment; a strategy which was accepted by the Member States and the social partners.

At the macroeconomic level, it advocated maintaining demand at an appropriate level to improve the profitability of employment-creating investment, and continued moderation of real per capita labour costs. At the microeconomic level, it called for continued improvements in the adaptability of markets for goods and factors of production and encouraging enterprise creation.

As an illustration, the report suggested that a growth rate of 3.5% for the period 1986—90 would lead to a reduction in the unemployment rate of 4 percentage points. However, the 1986—87<sup>2</sup> annual economic report as well as the communication on the economic situation (26 February 1987, Document COM(87) 77 final), indicated that the cooperative growth strategy had not yet achieved its objectives and that the outlook for growth had deteriorated further.

The Commission recommended that Member States should strengthen their efforts to improve growth and employment prospects.

As well as encouraging Member States to increase their efforts to help the unemployed in general, the report stressed the need to introduce specific measures in favour of long-term unemployed and make a greater political and financial commitment. The report suggested that concrete measures could include lower social security charges for taking on the long-term unemployed.

Policy decisions to target support to the long-term unemployed have increasingly been taken but have limitations. Such policies are, for example, open to the criticism that they are 'only stirring the pot' of total unemployment, sharing out some of the misery without

adding to the stock of jobs and hence without contributing to a reduction in the total volume of unemployment.

The Commission recognizes the need for net new job creation and recognizes that it is not possible to improve the competitive position of particular groups in the labour market — such as the long-term unemployed — without risk of offsetting effects on others. However, the Commission believes that additional action is justified on efficiency as well as equity grounds. On equity grounds it is justified since the long-term unemployed are seen to be suffering an unfair share of the burden of economic adjustment and recession. On efficiency grounds it is justified since there is a serious risk of a significant proportion of the labour force suffering a lasting loss of capacity to work effectively. This means that, as economic recovery takes place, labour shortages, and concomitant problems, will start to appear well before expected 'full employment' levels are reached since many of the long-term unemployed will no longer be capable of filling the jobs which become available.

In general the Commission sees a need to avoid current tendencies towards a polarization on the labour market between the regularly employed and the normally unemployed, and to seek to maintain a closer attachment to the labour market for those who have suffered a period, or recurrent periods, of unemployment. This is seen to be the best long-term way to avoid permanent dependence on social security transfers progressively becoming the sole form of income support for many, thereby 'institutionalizing' long-term unemployment as a way of life.

The Commission thus believes that action to combat long-term unemployment must integrate both macroeconomic and microeconomic aspects with the social dimension of the problem. Determined action on the part of the authorities is needed and in this context the Community has an important role to play by means of its structural Funds, the EIB and its other financial instruments.

### Member States' policy responses

All Member States now operate at least one measure specifically targeted at the long-term unemployed. Support is provided mainly through three types of measures:

- (i) direct public job creation programmes — generally providing work of benefit to the local community such as environmental improvements, services for the elderly, etc.;
- (ii) training and retraining courses — ranging from literacy and numeracy courses to courses providing job-specific skills;
- (iii) recruitment subsidies — a variety of different forms are in operation.

In addition to special measures, long-term unemployed people have access to general employment and training programmes. The extent to which they participate depends on the selection criteria or practices involved; some skill training courses, for example, require participants to have relevant previous experience or qualifications, which may exclude many long-term unemployed people. Schemes designed to foster self-employment, however, have attracted relatively large numbers of the long-term unemployed.

As the problem of long-term unemployment has become increasingly severe, Member States have responded by adapting or developing their policy actions.

Recent developments have included an emphasis on monitoring and on preventive measures, largely in the form of training and retraining courses. People at risk of becoming long-term unemployed are identified at an early stage and offered appropriate training or given priority for placement by the employment services.

In the Netherlands, those who have been unemployed for six months are given priority in placement for job vacan-

<sup>1</sup> *European Economy* No 26 — November 1985 — *European Economy* No 30 — November 1986.

<sup>2</sup> *European Economy* No 30 — November 1986.

cies and on manpower programmes: in France, all unemployed people are invited for intensive assessment by the employment services in the fourth and 13th month of their unemployment. In Germany, personal contact with the employment services is made after every three months of unemployment.

A second major development in recent years has been the introduction or intensification of monitoring and counselling activities by the employment services. In both France and the United Kingdom, personal interviews, involving counselling and assessment, are now given to all long-term unemployed workers. The aim is to offer either a job or a place on a government training or employment scheme to all those interviewed.

#### *Differences in Member States' approaches*

The most significant difference between Member States lies in the scale of their response to the problem. Only Denmark, through its job offer scheme, has for some years provided measures on a scale commensurate with the problem. The job offer scheme has guaranteed that every insured person who has been unemployed for a cumulative period of 21 months out of 27 months (12 months out of 15 for young people) is given a temporary job. If the private sector cannot provide sufficient jobs, the local authorities have been obliged to create jobs in the public service. The private sector accounts for about a third of total placements — this obviously imposes a substantial burden on local authorities to provide the remainder. Recent changes to the job offer scheme are likely to reduce its coverage of the potential target group.

Public job creation programmes on a more limited scale are also an important element of policy responses in Germany, Belgium, Ireland, the Netherlands and the United Kingdom. In general, these consist of temporary jobs providing work which is of some benefit to the community — the Belgian 'troisième circuit de travail' alone provides permanent jobs of unlimited duration. Few of

these programmes include any formal integrated training: the aim is to increase participants' chances of finding a job on the open labour market by giving them basic experience.

A second major difference between Member States is the priority given to young people. Some Member States operate measures which are targeted exclusively at long-term unemployed young people. Others modify general entry criteria in favour of long-term unemployed young people.

Full-scale training programmes, or apprenticeship schemes, are, in general, available only to young people, especially school leavers; adult unemployed workers tend to have access to shorter training and retraining schemes. In Greece and Italy, priority is given to tackling long-term unemployment amongst young people.

All Member States offer some form of recruitment subsidy to promote the employment of hard-to-place workers, including the long-term unemployed. There are considerable variations in the size, duration and types of subsidy available. Although there is disagreement over the effectiveness of employment subsidies as a job creation measure, there is little doubt that they can be a simple and effective way of influencing employers' recruitment patterns. Again, as in the job creation programmes, most subsidy schemes contain no training element. Exceptions are the Italian system of training-work contracts and the MOA scheme in the Netherlands under which employers agree, on recruitment, to an adaptation programme for the benefit of the worker.

A difference which is beginning to emerge between Member States is the introduction of strategies to combat long-term unemployment in addition to general measures to reduce unemployment. In France and the United Kingdom, high rates of long-term unemployment have recently prompted the development of a more strategic and comprehensive approach to the problem: the principal ingredients are monitoring, counselling and a range of options including a place on a training or employ-

ment measure, if a suitable job is not available.

#### *Assessment of Member States' measures*

In general, the growth of long-term unemployment has outpaced the expansion of Member States' actions. Schemes have on the whole been limited in size, and most employment services have continued to focus their efforts more on helping employers fill their jobs with the best applicants rather than helping those people who are having the greatest difficulty obtaining employment.

There is still a tendency to see the long-term unemployed as particularly disadvantaged individuals who will require intensive, and extensive help — particularly in the form of skill training — if they are to become employable. This reflects the problem as it existed in the late 1970s.

In the Commission's view, this picture no longer holds true for an increasing proportion of the long-term unemployed. Long-term unemployment has become such a widespread feature of the labour market that it affects many who have satisfactorily held down jobs over periods of time but who now find themselves unable to get back into employment when they lose their job.

Some long-term unemployed people will undoubtedly need, and be able to benefit from, training and retraining for new skills. Others, particularly among the young, need help to compensate for failure at school, or lack of basic qualifications. Many, however, do not fall into these categories, and simply require more basic assistance in recovering motivation, in learning how to go into and cope with the new working environment, and in presenting themselves to potential employers. The extent to which those different groups predominate will vary according to region and country.

In the Commission's view, a major shift of policy is required. Much greater emphasis needs to be given overall in the Community to providing support and incentives to the long-term unem-

ployed to assist their efforts to get back to work whilst, at the same time, providing inducements for potential employers to recruit, employ and — where necessary — train them.

Implementation of such a policy has major implications for the scale of effort required; the types of measures to be encouraged; the organization of the national employment services; and the way the Community supports national actions. Such a policy would significantly reduce the share of the long-term unemployed in total unemployment. To this end, the Commission proposes to set a precise objective.

### *Community target*

A target for reducing long-term unemployment can be defined in various ways — as a reduction in the numbers of long-term unemployed people or as a reduction in their percentage share of total unemployment. Assuming that the Community holds to its principle of reducing significantly the level of long-term unemployment, the Commission believes that it would be desirable to reduce long-term unemployment from its current level of 50% of total unemployment to a level of 30% by 1990. If the overall level of unemployment remained unchanged this would have the effect of reducing the numbers of the long-term unemployed from about 8 million to under 5 million. Such a fall in the proportion of long-term unemployed could be expected to be accompanied by a significant fall in overall unemployment. This requires, as well as the full participation of each Member State, an efficient functioning of the labour market in which the social partners have an important role to play as much at the level of the enterprise as at national or Community level.

An additional target should be to guarantee a minimum offer to all those registered as unemployed for 12 months or more of a certain level of counselling and assessment provided through a personal interview. Ideally, assistance in pursuing available jobs or a place on a training or employment programme should follow the counselling interview.

### *Reintegration of the long-term unemployed*

The emphasis of measures to reintegrate the long-term unemployed must be on making the individual as attractive to employers (private employers, employee-owned enterprises and public agencies) as newly unemployed workers or new entrants to the labour market. Depending upon the needs and capacities of the individual and of the local labour market, this should be carried out through programmes offering at least three basic options:

- (i) skill training and retraining courses including basic work skills, literacy/numeracy and job specific skills;
- (ii) recruitment support through schemes offering financial incentives to employers who recruit long-term unemployed people;
- (iii) integrated schemes offering a package of counselling, basic skills training and recruitment support.

Conditions of recruitment support schemes, such as contract terms, should not be so rigid as to defer employers from participating. Those amongst the long-term unemployed who are best qualified and need least help are most likely to be selected by employers through recruitment support schemes. Programmes of direct job creation, which are useful short-term measures but which risk creating parallel labour markets for the unemployed, can then be focused on the most disadvantaged amongst the long-term unemployed who need the basic work skills and work experience which they can provide.

Long-term unemployed people who wish to become self-employed or enter employee-ownership enterprises should be given appropriate support. In addition to providing financial support schemes, Member States should ensure that advice and guidance is available to individuals considering setting up in business. Guidelines for good practice in this respect have already been agreed in the context of Community policies for the promotion of small and medium-sized enterprises and local employment initiatives, including cooperatives.

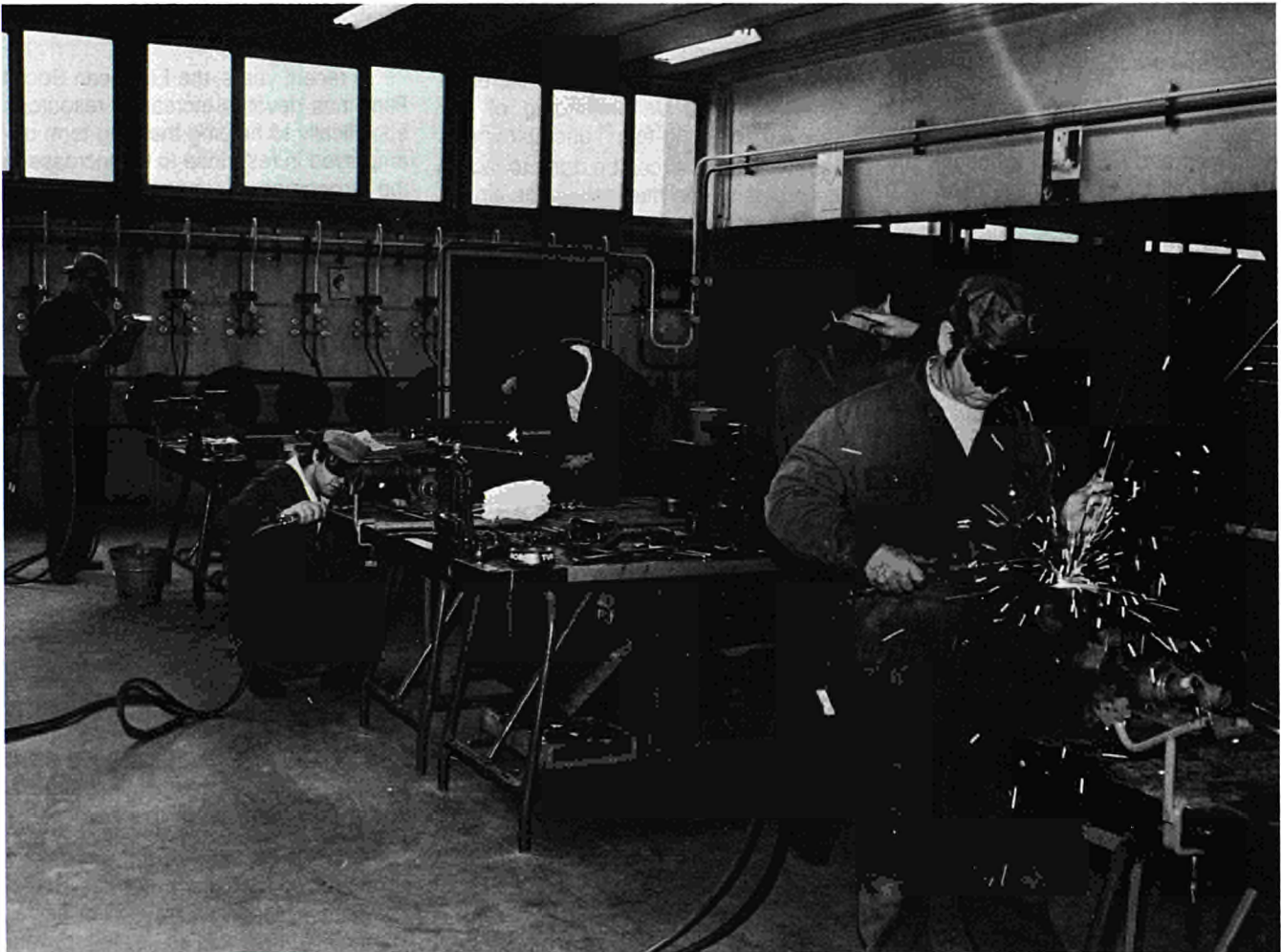
### *Prevention of long-term unemployment*

A prerequisite of effective actions to prevent the growth of long-term unemployment is a system of monitoring which can identify and follow up both individuals at risk of prolonged unemployment and the labour market conditions which might aggravate the problem. Member States should ensure that their monitoring systems are capable of detecting changes in the scale and nature of the problem at national and local levels and of identifying, at an early stage, individuals at risk of long-term unemployment.

Newly unemployed workers, and particularly those made redundant as a result of industrial restructuring, should be given guidance and counselling to assess their options for further employment. Workers receiving large redundancy payments should be alerted to the dangers of using the payment as income and of delaying their re-entry to the labour market; more positively, they should be shown alternative ways of using these payments. Counselling and advice should also be given to those identified as at risk of long-term unemployment to help them intensify their efforts to find a job or place on a training or employment scheme before they suffer the worst effects of prolonged unemployment.

Strategies to promote local labour market development can also assist in the prevention of long-term unemployment. Local communities can play an important role in identifying local employment potential by mobilizing resources and by increasing cooperation between public agencies, the private sector, education and training organizations and community groups. Member States should help to develop support structures and training for new entrepreneurs in local communities and encourage local level initiatives to develop new employment opportunities.

Any longer-term strategy to prevent long-term unemployment must include action to improve levels of educational attainment, basic training and access to continuing training throughout working



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life. The Commission has recently presented a communication covering the training and preparation of young people for adult and working life: this includes measures to assist long-term unemployed young people. In the context of the fight against long-term unemployment, adult vocational training is generally considered as one of the preventive measures available.

The Commission's services have, over the last two years, been working to establish more precisely, and in more concrete terms, the relationship between continuing vocational training and the creation of and/or access to employment. This study has drawn on the work of the Advisory Committee on Vo-

ccational Training and has led to a communication on adult training in firms, (COM(86) 780 final) considered as one of the means of preventing unemployment.

In addition, the promotion of training and basic education in Member States is considered in the light of certain studies and programmes introduced by the Commission which are looking at the following specific issues:

- (i) the fight against poverty;
- (ii) action to tackle illiteracy where this lies within the responsibilities of education ministers;
- (iii) equality of opportunity between men and women;

(iv) cooperation between industry and universities on advanced training;

(v) social integration of disabled people.

### *The employment services*

Responsibility for carrying out monitoring and counselling activities will normally fall on the public employment services. Clear political guidance should be given to the employment services to focus their resources on tackling long-term unemployment. Efforts should continue to be made to prevent the newly unemployed from becoming long-term unemployed. However, the numbers of

people already long-term unemployed are now such as to demand priority action for this group.

Member States should therefore ensure that their employment services are structured and equipped to identify and follow up all those who have been without a job for 12 months or more. Personal contact should be made through counselling interviews which are triggered automatically after 12 months of unemployment. Greater use could be made of self service facilities for job-seekers including computerized job vacancy details, to release employment service staff for the counselling and guidance of the long-term unemployed.

Both jobseekers and employers are often unaware of the full range of government employment and training programmes available. Publicity campaigns will be needed to increase general awareness of measures to tackle long-term unemployment and to ensure a high level of participation in these measures. Leaflets, and other publicity material should present the range of measures available simply and clearly, describing the main objectives of the measures together with their benefits for employers and jobseekers. Where possible, the publicity material should show how the employer or jobseeker could combine a number of different measures to form an integrated scheme to meet their particular needs.

### *Community support*

For its part, the Commission will carry out a four-part programme of action consisting of:

- (i) promotional activities to show how long-term unemployment can be tackled;
- (ii) exchange of national experiences and evaluations;
- (iii) improved statistical information;
- (iv) Community financial support.

### *Promotional activities*

The Commission will develop promotional material designed to increase awareness and understanding of the problem of long-term unemployment and to show what can be done to tackle the problem. The material will be aimed primarily at the social partners and particularly employers. Additional material may be needed to encourage small and medium-sized enterprises to take part in actions to help the long-term unemployed. The promotional material will draw on existing sources of information such as Elise, Misep and Cedefop and on additional information provided through research and case study material.

### *Exchanges*

The Commission will intensify and extend its current activities to promote the exchange of information between Member States. The Misep information system, the system of exchange of national officials and the meetings of the Directors-General of Employment and directors of employment agencies will be used to exchange experience in operating and evaluating measures to combat long-term unemployment.

### *Improvement of statistical information*

The Commission will seek to improve the statistical information on long-term unemployment in regard to administrative sources and further exploiting and developing the series of Community labour force surveys.

### *Community support*

Community financial support for the training and recruitment of unemployed people through the European Social Fund has always been directed towards the most disadvantaged groups and towards the regions which are worst af-

ected by unemployment and have economic problems.

In recent years, the European Social Fund has devoted increased resources specifically to helping the long-term unemployed in response to the increase in the proportion of unemployed people who have been without work for 12 months or more. Details of resources allocated to helping the long-term unemployed for 1986, and committed expenditure for 1987 are given in the annexed tables.

The most important points to note are as follows:

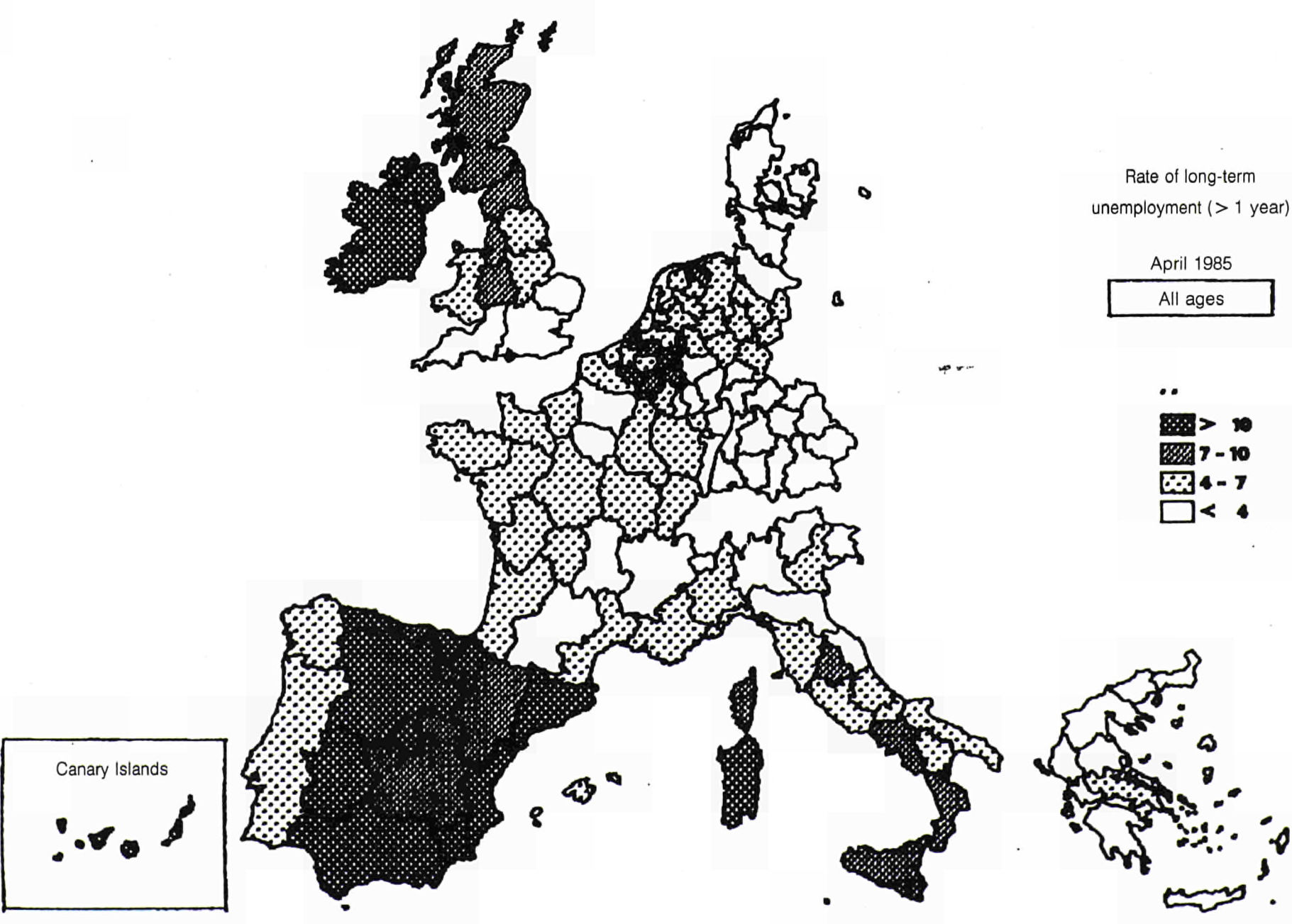
- (i) 25% of the European Social Fund's resources were devoted to the long-term unemployed in 1986, (of which 7.7% for adults). An increase of at least 15% for the long-term unemployed is envisaged for 1987, which would represent an increase of 54% for adults;
- (ii) about 50% of the European Social Fund's resources which were allocated to long-term unemployment were given as recruitment subsidies. No increase in this percentage is expected in 1987;
- (iii) about 80% of the European Social Fund's resources was given as recruitment subsidies in the private sector; the rest was given in the public sector for recruitment or creation of temporary jobs;
- (iv) the European Social Fund also provides help for the long-term unemployed by financing vocational training. Up to 10% of the Fund's resources are devoted to this;
- (v) demonstration projects aimed at the long-term unemployed account for 1.5% of the Fund's resources.

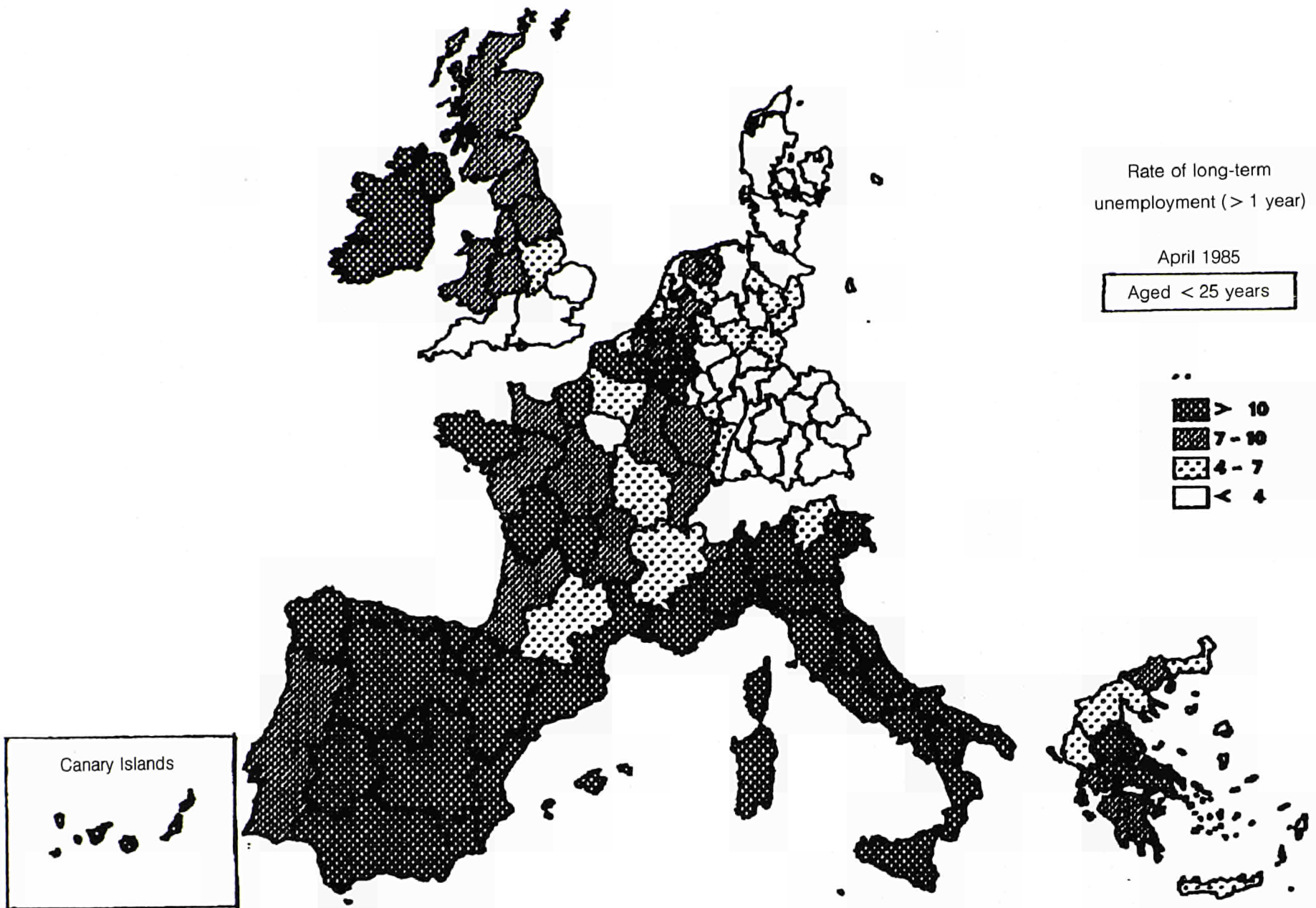
Community actions in favour of the long-term unemployed through the intermediary of the European Social Fund will develop from 1989 in the framework of the application of the Single European Act.



Unemployment rate and distribution of long-term unemployment (LTU) by age and sex: 1985

		Overall unemployment rate	Males + females				Males			Females	
			% of unemployed who are LTU	% of unemployed who have been unemployed 1-2 years	% of unemployed who have been unemployed 2 years +	% of unemployed who are LTU	% of unemployed who have been unemployed 1-2 years	% of unemployed who have been unemployed 2 years +	% of unemployed who are LTU	% of unemployed who have been unemployed 1-2 years	% of unemployed who have been unemployed 2 years +
B	Total	11.3	68.2	16.8	51.5	63.1	18.3	44.8	71.7	15.8	56.0
	< 25	23.6	52.5	19.7	32.8	46.2	19.7	26.6	56.4	19.8	36.7
	25 +	9.0	76.0	15.3	60.7	70.8	17.6	53.2	79.6	13.7	66.0
DK	Total	7.8	32.0	18.7	13.3	30.6	17.8	12.8	33.0	19.4	13.7
	< 25	11.5	21.5	14.2	7.3	19.5	14.8	4.7	23.2	13.7	9.5
	25 +	6.8	36.4	20.5	15.9	35.7	19.1	16.6	36.9	21.6	15.3
D	Total	6.9	46.9	20.2	23.7	48.3	19.4	28.9	45.4	20.9	24.4
	< 25	9.8	30.3	18.6	11.6	31.6	18.7	12.9	29.0	18.5	10.5
	25 +	6.1	53.2	20.8	32.4	54.1	19.7	34.4	52.2	22.0	30.2
GR	Total	7.8	43.4	23.9	19.5	32.8	20.6	12.3	52.7	26.9	25.8
	< 25	23.9	42.4	27.4	15.0	30.4	23.6	6.8	50.4	29.9	20.5
	25 +	5.2	44.2	21.4	22.8	34.2	18.8	15.4	54.8	24.2	30.6
E	Total	21.9	57.8	22.8	35.0	54.9	22.5	32.3	63.4	23.2	40.1
	< 25	48.1	58.1	24.4	33.7	53.8	23.4	30.4	63.3	25.5	37.8
	25 +	14.9	57.5	21.4	36.2	55.5	22.0	33.6	63.4	19.7	43.7
F	Total	10.3	43.8	22.0	21.8	39.6	20.9	18.7	47.6	23.0	24.6
	< 25	25.8	34.3	20.1	14.2	29.4	17.9	11.5	38.4	21.9	16.5
	25 +	7.2	50.4	23.3	27.1	46.2	22.9	23.3	54.4	23.8	30.6
IRL	Total	18.0	62.2	21.1	41.1	66.3	19.1	47.2	54.1	24.9	29.2
	< 25	25.1	54.5	25.0	29.5	58.7	24.9	33.8	48.6	25.1	23.4
	25 +	15.4	66.8	18.7	48.0	70.0	16.3	53.7	58.8	24.7	34.1
I	Total	9.2	63.6	25.5	38.1	61.1	24.8	36.4	65.5	26.1	39.4
	< 25	31.7	63.6	28.1	35.5	60.5	27.4	33.2	66.1	28.7	37.4
	25 +	4.4	63.6	21.5	42.0	62.1	20.4	41.6	64.6	22.4	42.3
L	Total	3.0	36.8	23.0	13.0	38.4	23.5	14.9	35.2	22.5	12.7
	< 25	6.5	36.6	24.6	12.0	38.4	25.8	12.6	34.9	23.5	11.4
	25 +	2.0	36.9	21.6	15.3	38.5	21.6	16.8	35.4	21.7	13.8
NL	Total	10.5	56.4	20.8	35.7	59.2	19.5	39.7	52.5	22.6	29.9
	< 25	17.7	41.7	20.5	21.3	43.5	21.4	22.1	39.9	19.5	20.4
	25 +	8.7	63.5	20.9	42.6	65.6	18.7	46.9	60.2	24.5	35.7
P	Total	8.6	48.4	22.7	25.7	39.2	22.8	16.4	55.1	22.6	32.5
	< 25	20.1	46.3	25.4	20.9	38.6	24.7	13.9	51.7	25.8	25.9
	25 +	5.4	53.3	20.6	32.7	40.8	22.4	18.4	62.0	19.3	42.7
UK	Total	11.5	48.7	15.5	33.2	54.3	15.9	38.4	40.0	14.9	25.1
	< 25	18.2	37.9	17.3	20.6	42.2	17.6	24.6	31.5	16.8	14.7
	25 +	9.5	54.6	14.5	40.1	60.8	15.0	45.8	44.8	13.8	31.1
EUR 12	Total	10.7	52.1	20.7	31.4	51.9	20.2	31.8	52.4	21.3	31.1
	< 25	22.9	47.2	22.3	24.9	45.5	21.5	24.1	49.0	23.1	25.9
	25 +	7.7	55.5	19.5	36.0	56.0	19.3	36.6	55.2	19.8	35.3





# Education Council of 14 May 1987

## Education: forwards to the people's Europe

### Introduction

**The fresh goals set for itself by the Community — particularly the completion of the single internal market by 1992 and the strengthening of the economic and social fabric — has made the enhanced use of Europe's human resources more essential than ever before. A major qualitative leap forward is being taken in two respects: one relating to ways of confronted challenges posed from outside the Community and to search for paths towards more solid, employment-generating economic growth, the other is that of building the people's Europe.**

The Community today has almost 120 million children and young people under 25. And it is they who will experience and breathe life into that lofty vision of the future to which all Europe's citizens aspire. They are the mainspring of the most valuable of all the Community's resources — its human resources. It is therefore crucial that the question of their education and training should increasingly permeate all intra-Community cooperation.

The breadth and variety of topics covered in the Conclusions of the Council of Education Ministers meeting clearly indicates that a new milestone has been reached in Community cooperation in the field of education. The outcomes, elaborated on in greater detail in the annexes, were briefly as follows:

- (a) In adopting the Erasmus programme, the Council of Education Ministers has laid a cornerstone on which to build the people's Europe. Erasmus will strike another blow at the traditional barriers to freedom of movement for students, such as recognition of periods of study abroad and the high costs of foreign travel.
- (b) If our young people are to become citizens of Europe, their education must contain a European dimension: and that means working together on curricula, teaching aids and teacher training.
- (c) A common strategy must also be devised to develop foreign language learning in order to bring Community citizens closer to one another and assure access to mobility. The President therefore reported to the Council on the progress made in work on foreign language teaching and the Commission undertook to submit detailed proposals.
- (d) The Education Ministers also reiterated their common commitment to combating certain tenacious types of illiteracy in our societies and adopted a programme of work put forward by the Commission, incorporating specific actions.
- (e) They also tackled for the first time the common concern of why a not

inconsiderable percentage of young people fail at school, and asked the Commission to prepare a communication on the matter.

- (f) The importance of another common goal — integrating children and teenagers with special needs into ordinary schools — was also stressed. To this end, a first Community action programme in this field was adopted. The Education Ministers signalled that they would be following the future advancement of the work with close concern.
- (g) Initial and continuing teacher training was dealt with in specific conclusions for the first time. Five common objectives were set to enhance the effectiveness of continuing training to make the Community's 3.8 million educators capable of keeping up with the increasingly rapid pace of change in our societies. The Commission was asked to organize meetings and exchanges on the topic.
- (h) The Commission submitted to the Council of Ministers a communication on a topic which has recently been thrust to the forefront of debate — health education — with proposals vital to countering the further spread of AIDS, cancer and drug abuse.

In conclusion, the predominant impression to emerge from this Council was one of positive and constructive progress, enabling a decisive step to be taken in the direction of Community cooperation in education matters, which has now shifted into a higher gear.

This new era in cooperation is firmly underpinned by over a decade's work dating back to the first action programme in the field of education in 1976.

Three broad guidelines have emerged for the future:

- (i) turn education into the spearhead for the peoples' Europe;
- (ii) buttress the forging of closer economic and social ties between Member States through the education and training of their young people;

(iii) draw on the wealth and diversity of educational traditions embraced by the Community to present a more united front to such challenges as an improved quality of training for Europe's youth.

### Erasmus programme

The Council agreed to the decision on the European action scheme for the mobility of university students (Erasmus), which will be adopted definitively after final linguistic editing.

The main points of the programme are as follows:

(i) Erasmus will be implemented from 1 July 1987. The amount estimated as necessary for implementing the pro-

gramme during the period 1 July 1987 to 30 June 1990 is 85 million ECU;

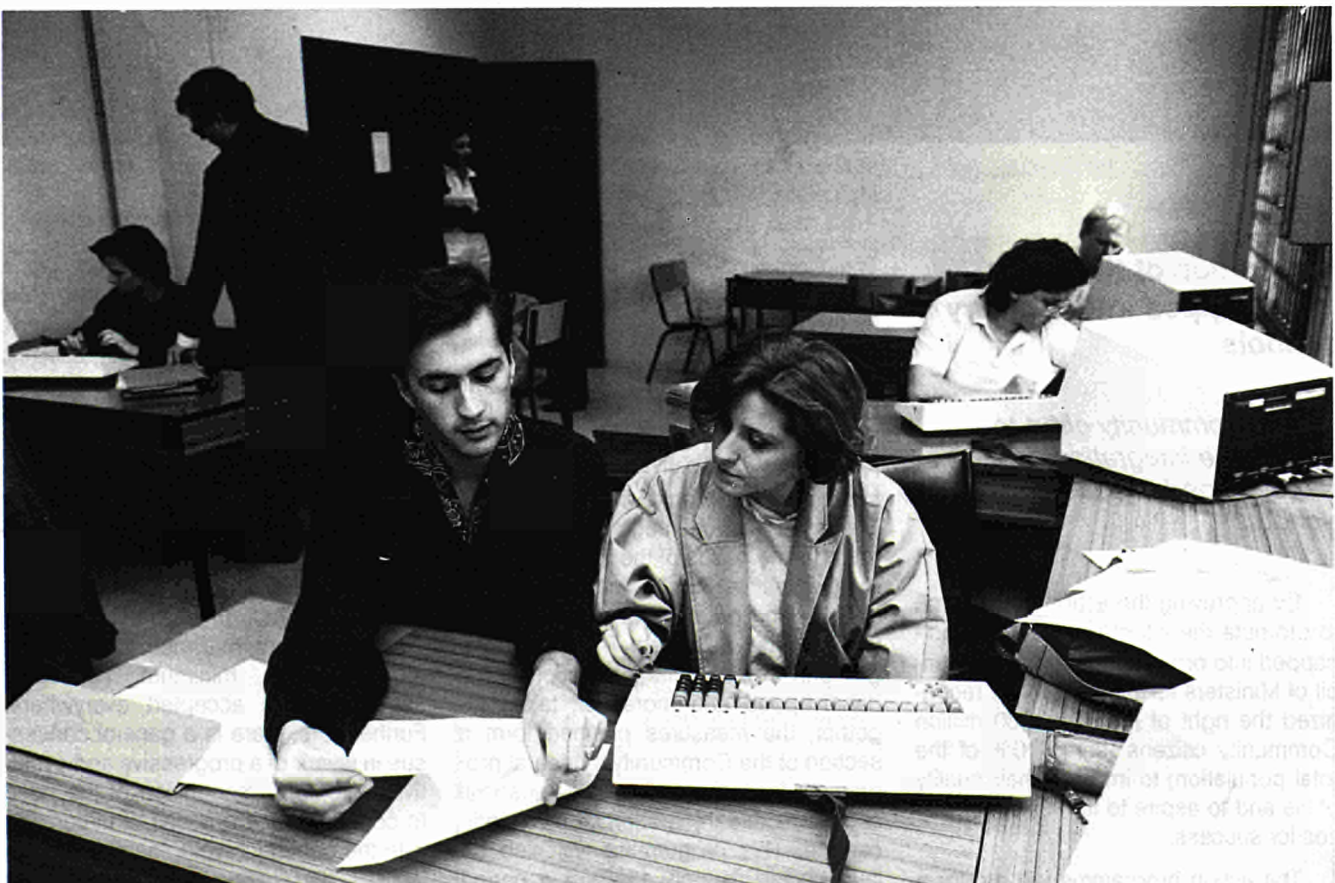
(ii) before 31 December 1989, the Commission will submit a report to the European Parliament and the Council on the experience acquired in the application of the programme, as well as, if appropriate, a proposal to adapt it. The Council will decide on this proposal by 30 June 1990 at the latest;

(iii) the Community will introduce a European network for university cooperation composed of universities which have concluded agreements with universities in other Member States for the purpose of organized student exchanges for periods of study fully recognized for the award

of the final diploma. Universities participating in the scheme will be entitled to receive annual support from the Community. Support will also be provided to encourage greater mobility of university teaching staff;

(iv) an Erasmus grants scheme will be introduced for students carrying out a period of study under the Erasmus programme in another Member State. These grants, awarded by the Community on the basis of an amount allocated to each Member State, will be administered through the appropriate authorities in the Member States;

(v) steps will also be taken to improve mobility through the academic recognition of diplomas and periods of study.



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### **Integration of the handicapped into ordinary schools**

*A new Community effort to ensure the integration of the handicapped into ordinary schools*

By approving the action programme to promote the integration of the handicapped into ordinary schools, the Council of Ministers for Education has recognized the right of more than 30 million Community citizens (some 10% of the total population) to improve their quality of life and to aspire to further opportunities for success.

The action programme will run for a period of four years, from 1988 to 1991.

The Commission puts expenditure to cover the operation of the programme for the first year at 564 000 ECU.

The educational integration of the handicapped should be achieved first and foremost in the ordinary schools. Recourse to specialized establishments should be made only where necessary. The effect of such integration should be to serve the needs of the individual child more effectively as it focuses on the abilities and potential of children rather than on their handicap. This is an integral part of the social integration of the handicapped and moreover, taken together, the measures planned form a section of the Community's general programme for the promotion of the social and economic integration of the handicapped. This programme will also be launched in January 1988 for a period lasting until the end of 1991.

The Commission, assisted by a working party of national experts, drew up a report on the situation as regards progress in educational integration in the Member States which it submitted to the Committee on Education last October. The report finds that, despite certain differences between the Member States concerning the position reached in integration and even the approach to certain aspects of the problem, there is a convergence on the level of principles to be found throughout the Community. The principle of 'maximum possible integration and minimum necessary segregation' is accepted everywhere. Furthermore, there is a general consensus in favour of a progressive and evolutive policy and recognition of the need to coordinate the process of integration with the general development of the objectives and methods of the ordinary system.

The programme proposed for the four years 1988—91, even if rather modest, has therefore been conceived as a way of ensuring a concerted and intensive exchange of experience. The thrust of the programme goes in four main directions:

- (i) the relationship between special systems and integrated systems;
- (ii) teacher training and cooperation of parents;
- (iii) the development of curricula and teaching methods;
- (iv) physical and social obstacles to integration.

These subjects will be explored by means of four activities:

- (i) intensification of the programme of study visits in this sector;
- (ii) establishment of a Community network of model experiments at local level;
- (iii) the promotion of new technologies as learning aids;
- (iv) encouragement for the assembly and exchange of information in this field.

Action will be taken in these areas as an integral part of the general programme to promote the social and economic integration of the handicapped. Special attention will be devoted to all aspects of the programme and therefore to the exceptionally serious problems encountered by handicapped young people, whether it involve transition from school to working life, the need to intensify cooperation between the education system at all levels or the development of social, employment and health services.

### Integration of handicapped children into ordinary schools

*Four-year programme of European collaboration and exchange, to be carried out by the Commission in support of Member State action*

- A. Examination of the following themes common to all school levels and to all disabilities:
  1. Special systems and integrated situations;
  2. Teachers and parents;
  3. Learning environment;
  4. A full school life.
- B. Appropriate use of Eurydice and the already existing Handynet data base for the handicapped for specific points concerning the education of handicapped children.
- C. Continuing attention to optimizing the contribution of new technology to the education of children with disabilities, especially in the context of integration.

Details of the four themes were supplied by the Education Committee.

- B. Selection by the Commission, on the basis of proposals by Member States, of 20 existing local experiences/situations illustrating significant integration and having features of particular relevance to one or more of the four themes. These themes could then be analysed more realistically in the light of material gathered, and solutions having wide applicability could be identified.

The following networking services would be offered to collaborating schools:

- (i) study visit programme (about 80 of the 100 additional places for special education provided for in the 1988 budget);
- (ii) annual seminar for 'project' leaders;
- (iii) participation of two or more 'project' team members in annual theme-based conferences;
- (iv) documentation, information and advisory services of the Commission's consultants, as well as a regular newsletter.

*The Council and the Ministers for Education meeting within the Council,*

note, on the basis of a report by the Education Committee, the progress made on the integration of handicapped children into ordinary schools since the adoption of their conclusions on this subject on 4 June 1984;

reaffirm the importance of achieving the maximum possible integration of handicapped children into ordinary schools, as well as the main measures mentioned in those conclusions concerning elimination of physical obstacles, training of teachers, development of school curricula and gaining understanding among families and the local community;

emphasize the need to continue working on the conclusions in the context of the Community programme for the general social integration of handicapped people;

agree that future work at the levels of the Member States and the European Community should also take into account the considerations concerning future work on the integration of handicapped children into ordinary schools submitted by the Education Committee;

approve in principle the four-year programme of European collaboration and exchange in support of Member State action (attached). This programme will be carried out by the Commission within the limits of its financial means, and with all necessary assistance from Member States;

agree to the Commission proposal to renew the mandate of the working party on the integration of handicapped children into ordinary schools, so that it can finalize the abovementioned programme and supervise its operation;

invite the Commission to ensure, during the implementation of the programme:

- (i) close coordination with the action programme in favour of the social and economic integration and independent living of handicapped people;

- (ii) particular attention to problems of transition from school to adult and working life in all the principal elements of the programme;

invite the Commission to submit at the end of the period concerned a report on progress in the Member States and on the programme of collaboration and exchange at Community level.

**The fight against illiteracy**

Three years ago, more precisely on 4 June 1984, the Ministers for Education devoted for the first time a part of their discussions to the problem of illiteracy in the Member States of the European Community. They agreed to attach special importance to this matter and to do their utmost to ensure that the entire population acquired full reading and writing skills, which are absolute necessities in both daily and working life.

Whereas in the various Community and national strategies the development of human resources plays a primordial role, the persistence of illiteracy in the industrialized countries is to be seen as a socially disturbing phenomenon. Belgium might be quoted as an example where 60% of those in receipt of full unemployment benefit have barely received a primary school education. This situation is particularly disturbing since this low level of schooling is generally accompanied by a low level of skill, a fact which complicates any effort at re-training and limits the choice of occupations to unskilled and repetitive manual work — if such work at all is available.

Although there are no exact figures for the number or proportion of the population who are illiterate in Europe, there would seem to be every indication that the phenomenon is far from negligible in scale and is certainly not confined to categories of people such as newly arrived immigrant workers or their families.

This situation would appear difficult to explain given that education has been compulsory in all the Member States since the beginning of the twentieth century. However, to place the entire blame for this situation on the schools

would be to ignore reality. In actual fact, illiteracy is the product of a combination of factors. Family environment, geography and children's health all play an important part. The school is but one component in this process and cannot solve the problem on its own. None the less, artificial isolation of the role of the school can make it possible to take dynamic measures. Action at school level is primordial and decisive since the school is the only collective location where the public authorities can take preventive action.

The report on the activities conducted at Member State level and by the Commission shows firstly that the majority of Member States are taking measures at primary school level in order to overcome the difficulties encountered by the most disadvantaged children and that literacy campaigns are in progress.

Secondly, initiatives have been taken so as to ensure the exchange of information between the Member States. In particular, a working party has been set up, with the task of guiding Community action. The working party, which is composed of national officials responsible for combating illiteracy within the Ministries of Education, meets regularly in Brussels. Data are assembled, particularly through the Eurydice network, so as to obtain a more detailed picture of the situation as regards illiteracy. Furthermore, a study of the pathways of illiteracy and identifying the crucial points in the learning process has been carried out on behalf of the Commission.

The programme of work adopted on 14 May 1987 will make it possible to intensify cooperation in this field.

*The Council and the Ministers for Education meeting within the Council adopted conclusions in which they:*

- (i) take note of the report produced by the Committee on Education on measures to combat illiteracy taken by the Member States and by the Commission;
- (ii) confirm their commitment to the fight against illiteracy expressed in their



conclusions of 4 June 1984 which followed their resolution of 9 February 1976 on an action programme in the field of education;

- (iii) give their approval to the programme of work to be undertaken by the Commission within the limits of its available financial resources.

### Work programme

1. The working party on the campaign against illiteracy set up by the Commission will continue to meet twice a year in Brussels to guide Community action, advise the Commission and exchange information on the situation in the Member States.
2. A European colloquium on action to combat illiteracy in the Member States will be held in September 1987.
3. Study visits, intended mainly for teacher trainers, representatives of teachers' associations, inspectors and adult literacy training instructors, involving in particular visits to associations concerned with illiteracy, particularly illiteracy among young people; a special visit for the working party.
4. An action research project will be conducted at pilot schools in several Member States to test some of the measures proposed at nursery, primary and lower secondary school levels. Two or three schools will be chosen in particularly disadvantaged regions of several Member States and the scheme will be monitored by a literacy specialist.
5. Organization in 1987 of a summer school where educationalists and psychologists will be able to exchange views and take stock of the research on basic learning (reading, writing and arithmetic) and of pupils in difficulty. Teachers would also be invited to take part as would adult literacy training instructors. The summer school will tackle specific aspects of the problem (for example: failure in acquiring the basic

skills, assessment, relations between school and family and the contribution of the new technologies) and will also provide an opportunity for participants to acquaint themselves with the newest teaching materials.

6. Launching of studies on the positive and negative contribution of the new information technologies and the media to basic learning (reading, writing and arithmetic), on identification of the most appropriate methods for quantifying the number of illiterates, on the stages and circumstances of the progressive loss of literacy and numeracy after school and on possible remedial action to enable these skills to be recovered.
7. Examination of the means for mounting publicity campaigns.
8. The Commission will endeavour to organize measures in conjunction with the departments responsible for vocational training and with the support of the European Social Fund.

### Failure at school in the Community

The European Community today has 35 million people between the ages of 14 and 25. Some of these are continuing their education while others have already entered working life but one boy in four and one girl in three is unemployed.

This well of human resources is the European Community's most precious asset. Over the last 10 years, major Community investments have therefore been made in the training of young people. In 1986, the European Social Fund devoted 1 900 million ECU to the training of the under-25s. The Community action programme designed to facilitate the transition of young people from school to working life is now also bearing the fruits of eight years of work.

While activities relating to the post-compulsory training of young people must be continued, the time has come

for the Community to begin deliberating on the subject of failure to succeed during compulsory schooling, a failure which concerns a by no means 'inconsiderable' proportion of young Europeans and places them in a vulnerable position when they leave school.

This problem of 'failure at school' is an economic and social danger for the European Community. It is an economic danger because, without exploiting the full potential of human resources, Europe will be unable to meet current and future economic and technological challenges. The selection of an elite and the raising of the standard of basic education of the majority of young people are admittedly necessary objectives and spectacular progress has been made in these directions, but the Community cannot afford to neglect a section, however small, of its young population without forsaking its democratic values and paying the price from the point of view of economic efficiency. It is a social danger because it would appear that for a minority of the population, i.e. the disadvantaged who are often referred to as 'the new poor', schools no longer play their role of democratization and social advancement but, on the contrary, threaten to increase social exclusion: more precisely, it is with failure at school that the process of social marginalization now begins.

One of the main aims of the action programme in the field of education of February 1976 is the achievement of equal opportunities as regards full access to all forms of education. Still today, we are obliged to recognize that success or failure at school is very much a function of socio-professional origin and even place of residence: a 17-year old has a 30% to 75% chance of continuing his/her education depending on which part of Europe he/she lives in.

This phenomenon is admittedly not new. Education difficulties have always existed. But the problem arose in radically different terms when access to employment was far less conditioned by education and training and requirements as regards levels of skill were far lower than now.

On 14 May 1987, the Ministers for Education expressed their shared concern with regard to this subject and called on the Commission to draw up a communication on this problem containing information on the situation in the Member States.

The Member States have therefore been unanimous in expressing their clear determination to find solutions and exchange experience in this field, a fact which marks an important milestone in the process of Community cooperation on improving the quality of education.

The Council and the Ministers for Education meeting within the Council adopted conclusions whereby:

- (i) they express their shared concern at the failure of a large number of young people to succeed at school;
- (ii) they invite the Commission to submit to them a communication on this problem containing information on the situation in the Member States (covering aspects such as the definition of failure, indicators used for measuring failure, social and economic cost of failure at school, research in progress, preventive measures taken);
- (iii) they instruct the Committee on Education to examine the said communication and to report to them at one of their forthcoming meetings.

### **In-service training for teachers**

Improving the quality of teaching; development of the content of basic education so as to anticipate the rapid changes in our societies more effectively; reduction of the failure rates at all levels of the education system; raising the standard of education of all young people: these are decisive questions of concern to all the Member States of the Community.

This naturally raises questions concerning teachers, their role, competence and therefore their training.

The Commission has therefore initiated Community deliberations on one

of the decisive factors for this improvement in quality. The factor decided on is the continuous training of teachers, basically for four reasons:

- (i) the increasingly rapid pace of change in many fields (economic, technological, social, cultural) obliges teachers to adapt constantly to new curricula and to change their teaching methods;
- (ii) for the majority of occupations, there is no longer a form of basic education which is adequate for an entire career. The same holds true for the training of teachers, who must be able to meet the needs of pupils and society at any time;
- (iii) for chiefly demographic reasons, the number of people entering the teaching profession has considerably decreased. The current population, which is relatively young, will therefore renew itself only very slowly;
- (iv) the existence of serious and regular in-service training may play an important part in revitalizing a professional body which is worried about its social status and which has to meet so many expectations.

The study carried out at the request of the Commission on in-service training for teachers underlined many points of agreement between the Member States on this subject. The points of convergence concern the search for solutions for similar problems, the pursuit of common objectives and the desire of Member States to learn more about the experiences of others so as to broaden their own deliberations.

Furthermore, the discussions which have taken place within the Committee on Education, and likewise all the action programmes in progress, have clearly demonstrated the additional advantages which meetings and exchanges in this field offer to all concerned. This is moreover clearly to be seen in the context of the action programme in the field of education of February 1976, one of the objectives of which concerns greater correspondence between education systems.

On the initiative of the Commission, Community collaboration is thus being established in this field. On 14 May 1987, the Ministers for Education expressed the view that in order to promote the in-service training of teachers, there was a need to:

- (i) clarify the objectives in this field;
- (ii) construct an offer of consistent, flexible and diversified training;
- (iii) link in-service training programmes as far as possible to the occupational career plans of those in receipt of training;
- (iv) increase the resources devoted to in-service training;
- (v) improve continuity between basic training and in-service training.

The Commission will, for its part, intensify meetings and exchanges in this field so as to enable all concerned to benefit by the experiences of others.

The Council and the Ministers for Education meeting within the Council earlier responded favourably to a memorandum from the Presidency concerning medium-term activities in the field of education which deals, *inter alia*, with teacher training.

They attach special importance to in-service training for teachers, in view of the current social, technological, economic and demographic changes. The stepping-up of efforts in this field matches the growing interest in continuous training for staff in business and industry.

They have noted with interest the Commission's study on in-service training for teachers in the 12 Member States, which was also submitted to the Standing Conference of European Ministers for Education (secretariat: Council of Europe) in Helsinki from 5 to 7 May 1987. They have asked the Commission to circulate that study widely and to update it regularly with the aid of the Eurydice network.

They consider that to promote in-service training for teachers it is necessary to:

- (i) clarify the objectives;

- (ii) be able to offer a variety of consistent and flexible training programmes;
- (iii) as far as possible link in-service training programmes to professional development projects devised by the participants themselves;
- (iv) devote increased resources to in-service training;
- (v) improve the continuity between initial training and in-service training.

They invite the Commission, in order to enrich the developments in this field in the Member States to:

- (i) encourage meetings between organizers (regional and national) performing the same tasks in the various Member States; the first of these meetings will be held on the occasion of a university summer school in July 1987 organized by the Spanish Minister for Education in collaboration with the Commission;
- (ii) coordinate case studies and analyses of training strategies prepared by officials or experts in the various Member States on key points for the effectiveness of in-service training;
- (iii) hold a further meeting of senior officials to examine the results of this work;

- (iv) examine, in close collaboration with the Education Committee, other initiatives regarded as necessary in the field of in-service training for teachers.

In all of this work account should continue to be taken of the activities of the OECD and the Council of Europe in the field of teacher training. Close links should also be established with the European Centre for the Development of Vocational Training (Cedefop) on teacher training.

They invite the Commission to submit a report on the results of the action undertaken by 31 December 1989.

# Erasmus — an investment in the future of the Community

**On 14 May 1987, the Education Council reached agreement on the European Community action scheme for the mobility of university students (Erasmus). A total of 85 million ECU will be available in the initial phase of the programme (1 July 1987 — 30 June 1990). In the following article, Alan Smith, Director of the Office for Cooperation in Education, which assists the Commission in the management of its higher education grant schemes, outlines the actions envisaged in Erasmus and discusses some of the implications of the programme for the future development of higher education cooperation in the Community.**

14 May 1987 will go down in the history books as a milestone in the development of Community education policy — and perhaps in the long-term development of the Community as a whole. When the Education Ministers of the 12 Member States, meeting in Brussels, reached agreement on the Erasmus programme,<sup>1</sup> they not only created the basis for giving a significant boost to the level of student mobility within the Community, but also laid one of the main foundation blocks in the edifice which has come to be known as the people's Europe. As Commission Vice-President Manuel Marín put it at the press conference which followed the Ministers' meeting, 'Erasmus is a programme of hope for the young people of Europe'.

Agreement on the programme had not been easy to reach: the Commission's proposals for Erasmus<sup>2</sup> were submitted to the Council early in 1986, but while all Member States had welcomed the objectives of the programme, a number of them (notably France, the Federal Republic of Germany and the United Kingdom) had raised serious objections to the overall budget envisaged and the legal base upon which the Commission's proposals rested. In November last year, when the Council of Education Ministers failed for the second time to reach a satisfactory agreement on the programme, the Commission even withdrew the proposal altogether, fearing that it might be adopted with such a small-scale budget that the objectives of the programme would be seriously jeopardized. However, after the Heads of State or Government, meeting within the European Council in December, had reiterated the importance which they attached to Erasmus, the Commission's proposals were re-tabled in an unamended form, and top-level pronouncements in favour of the programme which then followed, such as President Mitterrand's broadcast on French television in March, suggested that the chances of a successful outcome were more favourable this time.

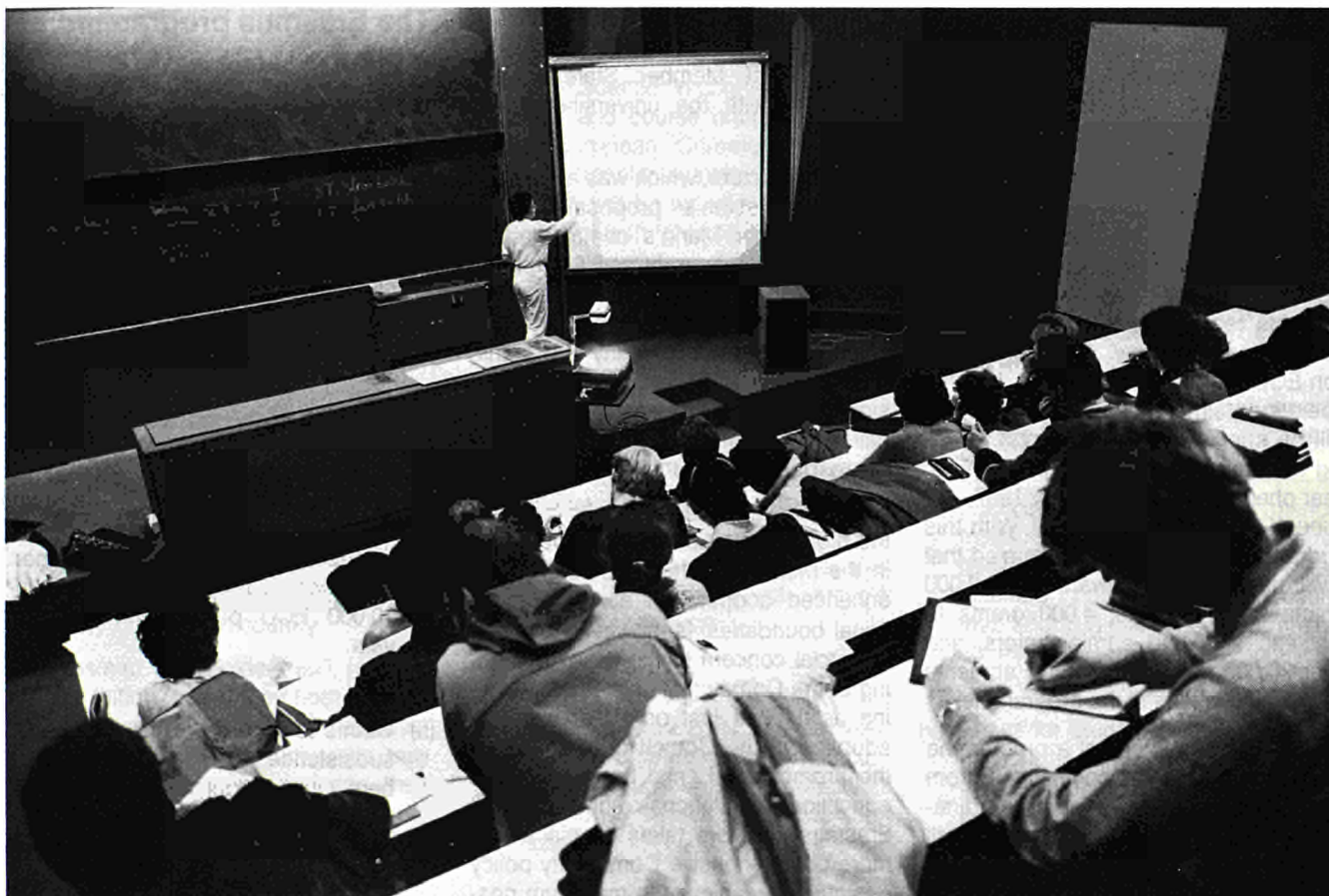
The Erasmus programme finally agreed on does every justice to its objectives — and to the memory of the 'mobile' European scholar from whom it

derives its name. Far from being an uneasy compromise on which several parties have serious misgivings, the programme was agreed unanimously by the Education Ministers of all Member States, and given the wholehearted support which the universities of the Community have given the programme from the very start. There is every reason for confidence in the ability of Erasmus to make a real impact on inter-university cooperation in the Community. True, the Commission — and those Member States (the majority) which had supported the Commission's stance — had to make significant concessions on the budget, but the design of the programme has remained intact and constitutes a comprehensive instrument for developing a wide range of inter-university cooperative activities, on a voluntary basis, between all Community countries.

The main objective of the programme is to help boost student mobility between the 12 Member States well above its present unsatisfactory level, by providing far more students than hitherto with the possibility of spending a recognized period of study in another Community country. The significant increase in the number of graduates with first-hand experience of other Member States to which this will give rise, will not only be a cornerstone in the construction of the people's Europe, as indicated above. It will also be an essential component in helping to raise the awareness of interdependence within the Community, thereby contributing to the completion and consolidation of the internal market which will be the key to ensuring EC competitiveness on the world stage in the years ahead. For this reason, one of the main actions envisaged within Erasmus is the creation of a major scheme of grants to students to enable them to cover the extra 'mobility costs' of studying in another Community country.

<sup>1</sup> Erasmus = the European Community action scheme for the mobility of university students.

<sup>2</sup> COM (85) 756 final/2.



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But in addition to the support to be given to students, Erasmus will also promote — through the progressive creation of the European university network — a wide range of other academic activities with a European dimension, notably by providing support to facilitate exchanges of teaching staff between higher education institutions throughout the Community. An overview of all the actions contained in the programme is provided elsewhere in this present article.

The intensification and long-term consolidation of higher education cooperation in the Community is not something which can be produced overnight. It will take time to develop and mature. For this reason, it is particularly significant that in agreeing the Erasmus programme the Education Ministers have

not imposed a time-limit on its duration. Erasmus will therefore be an ongoing programme, though naturally with a built-in procedure for regular review (in the initial phase from 1987–90, there will be an interim report to the Ministers each year, and a more in-depth evaluation will be conducted after three years on the basis of which certain adaptations to the programme will be possible).

Not that Erasmus will be starting from scratch. The programme will be able to build upon the results of a full decade of experience with the Community's pilot programme for inter-university cooperation — the joint study programme grants scheme, introduced in the framework of the Community's education action programme of February 1976. In all, some 586 joint ventures for

student and staff exchange and the development of common curricula have been supported since the grant scheme began, and demand from the universities has been increasing dramatically over the years. This year, over 600 requests were received — 25% more than 1986 and 10 times the number of applicants who came forward when the programme first began.

The first foundations of the European university network have therefore already been laid, and the Ministers have felt it prudent to develop this network further before embarking on the award of grants to students on a large scale. Priority will therefore be given to the network in the early years of Erasmus, and it is expected that a large proportion of the 10 million ECU earmarked for the 1987/88 academic year will be spent in

the form of grants to higher education institutions to enable them to develop the necessary infrastructure for the management of substantial and ongoing programmes for student and staff exchange.

Already from the academic year 1988/89, however, the Erasmus budget will increase sharply, to some 30 million ECU, and at this point the number of students receiving Erasmus grants will correspondingly grow. A further 45 million ECU are earmarked for the 1989/90 operation (almost two-thirds of which will be spent on student grants), bringing the total budget for the initial three-year phase of Erasmus (1 July 1987—30 June 1990) to 85 million ECU. With this budget, it is provisionally estimated that it will be possible to award some 2 000 grants to universities, 4 000 grants to teaching staff and administrators, and over 20 000 mobility grants to students in this initial phase of the programme.

In order to implement a programme of this magnitude, full commitment from those involved in the central coordination of the programme in Brussels will not be enough. For the programme to realize its full potential, it must be carefully attuned to the situation, systems and needs of each Member State, and this is reflected in the management structure envisaged. To assist the Commission in the implementation of the programme, an 'Erasmus Consultative Committee' will be established consisting of two members per Member State, at least one of whom will be drawn from the academic community. The Committee will be a purely consultative body, but its role will be crucial for achieving the best possible interface with Member State policies and programmes and for ensuring the full involvement of the higher education community in the implementation of the programme. Furthermore, as far as the student grants are concerned, the programme agreed by the Ministers provides for a decentralized administrative structure: students will not apply for financial support directly from Brussels, but rather the responsibility for administering the grants will lie with appropriate authorities in each of the Member States — either a

central organization at national level designated for this purpose, or — at the discretion of Member State governments — with the universities themselves.

This structure, which was adopted at the Commission's proposal, reflects Commissioner Marin's commitment to ensuring a transparent and flexible administration of the programme, and it is also a clear indication that the adoption of Erasmus does not in any way signify an intention on the part of the Commission to intervene in areas of higher education policy-making which are properly the responsibility of the Member States.

The development of links between the higher education systems operating in the Member States, ensuring greatly enhanced cooperation across the national boundaries, is, however, a matter of crucial concern to the future well-being of the Community as a whole. Coming as it does just one year after the adoption of the Comett programme for the promotion of links between higher education institutions and industry, Erasmus therefore takes its place in a more comprehensive Community policy designed to achieve the maximum possible Community-wide exploitation of the intellectual resources available in the 12 EC Member States. As a long-term investment in the development of the Community's future human resources, it is predicted that Erasmus will have an impact on Community development which is out of all proportion to the meagre percentage of the Community budget which it represents. The policy-makers have responded to the universities' call — expressed with such eloquence and vigour at the 1985 conference on higher education cooperation organized at the instigation of the European Parliament — for a major EC initiative in this field. It is now up to the universities themselves to take up the challenge which Erasmus presents.

## **The Erasmus programme at a glance**

### *Action 1: European university network*

- (i) Grants to higher education institutions to facilitate the planning, development, operation, maintenance, monitoring and evaluation of inter-university programmes for the exchange of students and teaching staff.

Each institution participating in a joint programme may receive a grant of up to 25 000 ECU per programme per academic year. It is envisaged that the average grant per institution will be in the order of 10 000 ECU per programme per year.

- (ii) Grants to help cover the travel and subsistence expenses of staff members carrying out teaching assignments in another Member State. The grants will vary according to the duration of the period to be spent abroad and the travel costs involved. For example, a teaching assignment lasting three months will carry an average grant of around 3 500 ECU. In addition, the home institution of staff members going abroad on Erasmus teaching assignments may receive financial support to facilitate the temporary replacement of the staff members concerned. The average grant awarded for this purpose will be 2 500 ECU per month for each staff member to be replaced.

- (iii) Grants of up to 1 500 ECU to facilitate visits to other Member States by members of the teaching and administrative staff of higher education institutions with a view to establishing contacts for future cooperative programmes and/or for the purpose of acquainting themselves more thoroughly with aspects of the higher education system in the countries visited.

*Action 2: Student grants*

- (i) Erasmus will provide grants of up to 5 000 ECU per year (average: 2 000) to help cover the 'mobility costs' (travel, language preparation, cost-of-living differential etc.) of students spending a fully recognized period of study (normally between 3 and 12 months) in another Community country. First priority will go to students participating in programmes funded under the European university network.
- (ii) During their period of study in another Member State of the Community, students receiving an Erasmus grant will continue to be able to utilize any home country grant or loan from government or government-funded sources for the purpose of study in their own country.
- (iii) Erasmus grantholders will not pay any tuition fees at their host university. However, any fees normally payable to their home university may continue to be levied during their Erasmus-supported study period abroad.

*Action 3: Academic recognition*

- (i) Establishment of a pilot scheme for the academic recognition of degrees and course units, known as the European Community course credit transfer system (ECTS). The system will be worked out in collaboration with a limited number of higher education institutions selected for participation on the basis of voluntary expressions of interest, each institution receiving grants of some 20 000 ECU per annum.
- (ii) Consolidation of the EC Network of National Academic Recognition Information Centres (Naric), each national centre concerned to receive Community support of around 20 000 ECU per year.
- (iii) Grants of up to 20 000 ECU per year for the development of common curricula between higher education institutions in different Member States.

*Action 4: Additional measures*

- (i) Grants of up to 20 000 ECU to facilitate the organization of 'intensive teaching programmes' of short duration involving students from several Member States.
- (ii) Grants to university associations and consortia operating on a European basis, notably with a view to making innovations in particular areas more widely known throughout the Community.
- (iii) Support to enable top-level experts to give a series of lectures in other Member States.
- (iv) Publications and other information measures designed to raise awareness of opportunities for study and teaching in other Community countries and to disseminate information on innovative models for inter-university cooperation.
- (v) Prizes for students and higher education staff members who make particularly outstanding contributions to furthering inter-university cooperation in the Community.

# Application of Directive 79/7/EEC — Recent ruling of the Court of Justice of the European Communities

The application of the principle of equal treatment between men and women in the social security field raises difficulties connected first and foremost with the very nature of the obligations imposed on the Member States. More precisely, it is not enough for the latter to take measures to transpose the formal content of the directive into national law. Indeed, they may, depending on the case, have to amend numerous laws, regulations and administrative provisions relating to social security so as to make them consistent with the principle of equal treatment.

However, the directive itself poses problems of interpretation. The existence of these problems has not escaped the attention of the Commission, which has mentioned and quoted a number of examples of them in its interim report on the application of Directive 79/7/EEC.

Uncertainties thus emerge as regards what is and what is not inconsistent with the directive and, with regard to some points, there is disagreement between the Member States and the Commission. It is clear that these uncertainties relating to interpretation can only disappear gradually as the case law of the Court of Justice develops.

## Judgment of the Court

(Fourth Chamber)

24 June 1986

(Invalid care allowance — Article 3 (1) (a) and Article 4 (1) of Directive 79/7/EEC)

In Case 150/85

Reference to the Court under Article 177 of the EEC Treaty by the Chief Social Security Commissioner for a preliminary ruling in the proceedings pending before him between

Jacqueline Drake

and

Chief Adjudication Officer

on the interpretation of Council Directive 79/7/EEC of 10 January 1979 on the progressive implementation of the principle of equal treatment for men and women in matters of social security (Official Journal 1979, L 6, p. 24),

*The Court*  
(Fourth Chamber)

composed of:

K. Bahlmann, President of Chamber,  
T. Koopmans, G. Bosco,  
T. F. O'Higgins and  
F. A. Schockweiler, Judges,

Advocate General: G. F. Mancini

Registrar: P. Heim

after considering the observations submitted on behalf of:

Mrs Drake, by R. Smith, Solicitor, during the written procedure and by R. Drabble, Barrister, during the oral procedure,

the Adjudication Officer, by F. Jacobs, QC,

the Commission of the European Communities, by J. Currall, a member of its Legal Department, acting as Agent,

after hearing the Opinion of the Advocate General delivered at the sitting on 22 April 1986,

gives the following

## Judgment

(The account of the facts and issues which is contained in the complete text of the judgment is not reproduced).

## Decision

1. By an order of 15 May 1985, which was received at the Court on 20 May 1985, the Chief Social Security Commissioner referred to the Court for a preliminary ruling under Article 177 of the EEC Treaty two questions regarding the interpretation of Council Directive 79/7/EEC of 10 January 1979 on the progressive implementation of the principle of equal treatment for men and women in matters of social security, with a view to determining the compatibility with that directive of a provision of national law laying down conditions for the granting of an invalid care allowance.
2. Those questions were raised in the course of proceedings before the Commissioner between Mrs Drake and the Adjudication Officer concerning the latter's refusal to grant Mrs Drake the said invalid care allowance.
3. Mrs Drake is married and lives with her husband. Over a number of years, until the middle of 1984, she held a variety of full-time and part-time jobs. In June 1984 her mother, a severely disabled person who receives an attendance allowance under section 35 (1) of the Social Security Act 1975, came to live with her. Mrs Drake thereupon gave up her work in order to look after her mother.
4. The British legislation on invalidity benefits is laid down in the Social Security Act 1975. Section 37 (1) of that Act provides for the payment of an invalid care allowance where (a) the applicant is regularly and substantially engaged in caring for a severely disabled person; (b) the applicant is not gainfully employed; (c) the severely disabled person is such relative of his or such other person as may be prescribed by the law. For the purposes of the application of that provision, section 37 (2) defines 'severely disabled person' as a person entitled to an attendance allowance under section 35 of that Act or to any other benefit of the same nature. Under section 37 (3) the invalid



care allowance is not paid: to any person who is under the age of 16 or is engaged in full-time education; to a married woman who lives with her husband or to whose maintenance her husband contributes a weekly sum not less than the weekly rate of the allowance; to a woman where she and a man to whom she is not married are living together as husband and wife.

5. On 5 February 1985 Mrs Drake applied for the allowance in respect of the care provided by her to her mother. The Adjudication Officer responsible for the award of the benefit stated that under section 37 (3) (a) (i) the benefit was not payable to a married woman residing with her husband. In order to accelerate the proceedings, however, he referred the claim to the Social Security Appeal Tribunal.

6. By a decision of 1 March 1985 the Tribunal held that that rule constituted discrimination on grounds of sex contrary to Directive 79/7. The Adjudication Officer appealed against that decision to the Chief Social Security Commissioner. In his order referring the matter to the Court of Justice, the Chief Social Security Commissioner states that the sole point at issue between the parties concerns section 37 (3) (a) (i) of the Social Security Act 1975 and that the other conditions laid down in that Act for the grant of the invalid care allowance are fulfilled.

7. The Chief Social Security Commissioner also states in his order that section 37 (3) of the Act has not been repealed or amended since the entry into force of Directive 79/7, the relevant provisions of which are set out below.

8. Article 1 states that the purpose of the directive is the:

'... progressive implementation, in the field of social security and other elements of social protection provided for in Article 3, of the principle of equal treatment for men and women in matters of social security,

hereinafter referred to as the "principle of equal treatment".'

According to Article 2, the directive applies to:

'... the working population — including self-employed persons, workers and self-employed persons whose activity is interrupted by illness, accident or involuntary unemployment and persons seeking employment — and to retired or invalided workers and self-employed persons.'

Under Article 3 (1), the directive applies to:

- '(a) statutory schemes which provide protection against the following risks:
  - (i) sickness,
  - (ii) invalidity,
  - (iii) old age,
  - (iv) accidents at work and occupational diseases,
  - (v) unemployment;

- (b) social assistance, in so far as it is intended to supplement or replace the schemes referred to in (a).'

Article 4 (1) provides that:

'The principle of equal treatment means that there shall be no discrimination whatsoever on ground of sex either directly or indirectly by reference in particular to marital or family status, in particular as concerns:

- (i) the scope of the schemes and the conditions of access thereto,
- (ii) the obligation to contribute and the calculation of contributions,
- (iii) the calculation of benefits including increases due in respect of a spouse and for dependants and the conditions governing the duration and retention of entitlement to benefits.'

9. The Chief Social Security Commissioner considered that a decision on

the interpretation of the directive was necessary for his decision in the case; he therefore stayed the proceedings and referred the following questions to the Court for a preliminary ruling:

'1. If a Member State provides a benefit payable (provided certain residence and other conditions are met) to a person who is not gainfully employed and is regularly and substantially engaged in caring for a person in respect of whom a benefit is payable as a severely disabled person by reason of that person requiring attention or supervision as prescribed (and provided that that person meets certain residence and other conditions), does the benefit payable to the first-mentioned person constitute the whole or part of a statutory scheme which provides protection against invalidity to which Article 3 (1) (a) of Directive 79/7 EEC applies?

2. If the answer to the first question is yes, does a condition that a married woman is not entitled to that benefit if she is residing with her husband or he is contributing to her maintenance above a certain level constitute discrimination contrary to Article 4 (1) of that directive in circumstances where married men do not have to meet a corresponding condition?'

10. Observations were submitted by Mrs Drake, the Adjudication Officer and the Commission.

*Question 1*

11. By his first question the Chief Social Security Commissioner seeks to know whether the right to the payment of a benefit to a person who cares for a disabled person constitutes part of a statutory scheme providing protection against the risk of invalidity to which Directive 79/7 applies under Article 3 (1) (a) of that directive.

12. Mrs Drake and the Commission consider that the answer to Question 1 should be in the affirmative.
13. Mrs Drake submits in the first place that the expression 'working population' used in Article 2 of the directive must be interpreted as including individuals who have worked, who wish to return to work, who are of working age, but who are temporarily unable to work because of some particular risk covered by the social security system, which is precisely her situation. She considers that she is therefore a person to whom the directive applies.
14. Secondly, Mrs Drake argues that Article 3 (1) (a) of the directive must be interpreted as applying to any benefit which forms part of a national statutory scheme providing protection against the risks referred to in that provision. She argues that in the United Kingdom the statutory scheme of protection against the risk of invalidity is provided by two benefits, the attendance allowance payable to the disabled person and the invalid care allowance payable to the person who cares for him. It would thus be impossible to describe the relevant statutory scheme without describing both benefits.
15. The Commission argues first of all that a person belongs to the working population for the purposes of Article 2 of the directive if he is in fact working, is unemployed and seeking work, is a former or retired worker, or is prevented from working by reason of illness or invalidity, whether his own or that of a person for whom he is caring. The Commission considers that Mrs Drake gave up work by reason of invalidity, albeit that of her mother, and that she should therefore be regarded as a member of the working population for the purposes of the directive.
16. The Commission argues that the fact that the benefit in question is paid to a third party and not directly to the disabled person does not put it outside the scope of the risk of invalidity, the scheme for which is covered by the directive. It points out that the effectiveness of the directive might be seriously compromised if it were to be held that the way in which the benefit is paid could determine whether or not the benefit was covered by the directive.
17. The Adjudication Officer, on the other hand, considers that the invalid care allowance cannot in itself be regarded as providing protection against the risk of invalidity within the meaning of Article 3 (1) (a) of Directive 79/7. In his view, that provision is directed at schemes providing persons with protection against risks to them, not, as in the case of the invalid care allowance, against risks to third parties. He argues that Article 2, which defines the persons to whom the directive applies, is concerned only with persons who are directly affected by one of those risks and thus excludes from the scope of the directive benefits made available to other persons.
18. The Adjudication Officer goes on to point out that it is clear from Article 2 and from the preamble to the directive that the benefits to which the directive refers are all work-related. Since the allowance in question is intended for persons who do not work and therefore do not belong to the working population it cannot be regarded as one of those benefits.
19. Finally, the Adjudication Officer states that far from being an all-embracing code for the implementation of the principle of equal treatment in matters of social security, Directive 79/7 is only a first step towards equal treatment for men and women in that area. He argues that the scope of the directive is restricted to the working population as defined in Article 2. Allowances such as those at issue in the main proceedings therefore fall outside its scope.
20. It must be pointed out first of all that according to the first and second recitals in the preamble to Directive 79/7, the aim of that directive is the progressive implementation of the principle of equal treatment for men and women in matters of social security.
21. According to Article 3 (1), Directive 79/7 applies to statutory schemes which provide protection against, *inter alia*, the risk of invalidity (subparagraph (a)) and social assistance in so far as it is intended to supplement or replace the invalidity scheme (subparagraph (b)). In order to fall within the scope of the directive, therefore, a benefit must constitute the whole or part of a statutory scheme providing protection against one of the specified risks or a form of social assistance having the same objective.
22. Under Article 2, the term 'working population', which determines the scope of the directive, is defined broadly to include 'self-employed persons, workers and self-employed persons whose activity is interrupted by illness, accident or involuntary employment and persons seeking employment . . . [and] retired or invalided workers and self-employed persons'. That provision is based on the idea that a person whose work has been interrupted by one of the risks referred to in Article 3 belongs to the working population. That is the case of Mrs Drake, who has given up work solely because of one of the risks listed in Article 3, namely the invalidity of her mother. She must therefore be regarded as a member of the working population for the purposes of the directive.
23. Furthermore, it is possible for the Member States to provide protection against the consequences of the risk of invalidity in various ways. For example, a Member State may, as the United Kingdom has done, provide for two separate allowances, one payable to the disabled person himself and the other payable to a person who provides care, while another Member State may arrive at the same result by paying an allowance to the disabled person at a rate equivalent to the sum of those two benefits. In order, therefore, to ensure that the progressive implementation of the principle of equal treatment referred to in Article 1 of Directive 79/7 and defined in Article 4 is

carried out in a harmonious manner throughout the Community, Article 3 (1) must be interpreted as including any benefit which in a broad sense forms part of one of the statutory schemes referred to or a social assistance provision intended to supplement or replace such a scheme.

24. Moreover, the payment of the benefit to a person who provides care still depends on the existence of a situation of invalidity inasmuch as such a situation is a condition *sine qua non* for its payment, as the Adjudication Officer admitted during the oral procedure. It must also be emphasized that there is a clear economic link between the benefit and the disabled person, since the disabled person derives an advantage from the fact that an allowance is paid to the person caring for him.
25. It follows that the fact that a benefit which forms part of a statutory invalidity scheme is paid to a third party and not directly to the disabled person does not place it outside the scope of Directive 79/7. Otherwise, as the Commission emphasized in its observations, it would be possible, by making formal changes to existing benefits covered by the directive, to remove them from its scope.
26. The answer to the first question referred by the Chief Social Security Commissioner must therefore be that a benefit provided by a Member State and paid to a person caring for a disabled person forms part of a statutory scheme providing protection against invalidity which is covered by Directive 79/7 pursuant to Article 3 (1) (a) of that directive.

*Question 2*

27. Since Question 1 has been answered in the affirmative, it is necessary to examine Question 2, which concerns the issue whether discrimination on grounds of sex contrary to Article 4 (1) of Directive 79/7 arises where legislation provides that a benefit which forms part of one of the statutory schemes referred to in Article 3 (1) of the direc-

tive is not payable to a married woman who lives with or is maintained by her husband, although it is paid in corresponding circumstances to a married man.

28. Mrs Drake, the Commission and the Adjudication Officer all suggest that that question should be answered in the affirmative.
29. Mrs Drake and the Commission argue that the exclusion of married women from such a benefit, where married men residing with their wives are not excluded, constitutes a clear example of direct discrimination on grounds of sex.
30. The Adjudication Officer himself has recognized that the provision governing the benefit in question places certain categories of women (married women living with their husbands and women who live with a man as husband and wife) as a disadvantage by precluding them from obtaining that benefit.
31. It should be noted that Article 4 (1) of Directive 79/7 provides that the implementation of the principle of equal treatment, with regard in particular to the scope of schemes and the conditions of access to them, means that there should be no discrimination whatsoever on grounds of sex.
32. That provision embodies the aim of the directive, set out in Article 1, that is to say the implementation, in the field of social security and between men and women, of the principle of equal treatment, a principle which the Court has frequently described as fundamental.
33. It follows from the foregoing that a national provision such as that at issue before the Chief Social Security Commissioner is contrary to the aim, as stated above, of the directive, which under Article 189 of the Treaty is binding on the Member States as to the result to be achieved.
34. The answer to Question 2 must therefore be that discrimination on grounds of sex contrary to Article 4 (1) of Directive 79/7 arises where

legislation provides that a benefit which forms part of one of the statutory schemes referred to in Article 3 (1) of that directive is not payable to a married woman who lives with or is maintained by her husband, although it is paid in corresponding circumstances to a married man.

**Costs**

The costs incurred by the Commission of the European Communities, which submitted observations to the Court, are not recoverable. As these proceedings are, in so far as the parties to the main proceedings are concerned, in the nature of a step in the action before the Chief Social Security Commissioner, the decision as to costs is a matter for him.

On those grounds,

**The Court  
(Fourth Chamber)**

in answer to the question referred to it by the Chief Social Security Commissioner by an order of 15 May 1985, hereby rules:

1. A benefit provided by a Member State and paid to a person caring for a disabled person forms part of a statutory scheme providing protection against invalidity which is covered by Directive 79/7/EEC pursuant to Article 3 (1) (a) of that directive.
2. Discrimination on grounds of sex contrary to Article 4 (1) of Directive 79/7/EEC arises where legislation provides that a benefit which forms part of one of the statutory schemes referred to in Article 3 (1) of that directive is not payable to a married woman who lives with or is maintained by her husband, although it is paid in corresponding circumstances to a married man.

Bahlmann Koopmans Bosco  
O'Higgins Schockweiler

Delivered in open court in Luxembourg on 24 June 1986.

K. Bahlmann, President of the Fourth Chamber

P. Heim, Registrar

# Guidelines for the management of the European Social Fund in the financial years 1988 to 1990

On 29 April 1987 the Commission approved the guidelines for the management of the European Social Fund for the financial years 1988 to 1990. The guidelines have been drawn up in close collaboration with the Member States and the Committee of the European Social Fund, taking into account the views expressed by the European Parliament.

The guidelines agreed for the 1984 to 1986 financial years were transitional ones following the adoption by the Council in 1983 of a new regulation for the Fund. Those for the 1986 to 1988 period were defined so as to be more selective with regard to the types of priority action and regions. Following the introduction of these guidelines it was important that any potential beneficiaries of assistance could count on a maximum of continuity. It is this principle of continuity which prevailed in the guidelines for 1987 to 1989. The Commission has also wanted to preserve this continuity in the guidelines for 1988 to 1990 whilst at the same time taking into account the revision of the legal bases relating to the structural Funds.

In fact the Single European Act obliges the Commission to reinforce economic and social cohesion as well as restricting regional disparities. Thus the new guidelines have brought about a greater concentration of credits to be allocated on a geographical basis and have emphasized the combat against long-term unemployment.

In future the actions of the European Social Fund will take place within the framework of policies that aim to ensure the economic and social cohesion of the Community. In conformity with the Single European Act the Commission will present a global proposal to the Council which will aim to include the modifications necessary for the structure and management rules of the structural Funds in order to en-

sure that their tasks are made more explicit and are rationalized. The aim is also to strengthen their efficiency and to coordinate interventions. Guidelines as from 1989 will be conceived within such a context.

## Commission Decision

of 29 April 1987

on the guidelines for the management of the European Social Fund in the financial years 1988 to 1990

(87/329/EEC)

The Commission of the European Communities,

Having regard to the Treaty establishing the European Economic Community,

Having regard to Council Decision 83/516/EEC of 17 October 1983 on the tasks of the European Social Fund, modified by decision 85/568/EEC of 20 December 1985 and in particular Article 6 thereof,

Having regard to the opinion of the Committee of the European Social Fund,

Whereas the Commission adopts, before 1 May of each year and for the three following financial years, the Fund management guidelines for determining those operations which reflect Community priorities as defined by the Council and in particular the action programmes in the area of employment and vocational training,

Whereas the Member States have been consulted and the European Parliament has expressed its views in the resolution of 13 March 1987;

Has decided:

### *Sole Article*

The guidelines for the management of the European Social Fund for 1988-90 are annexed to the present decision.

Done at Brussels, 29 April 1987

For the Commission

**Manuel Marín**

### *Annex*

#### 1. *General*

- 1.1 Fund assistance will be concentrated on operations to further employment in:

- 1.1.1. the absolute priority regions as defined in Article 7.3. of Council Decision 83/516/EEC;
  - 1.1.2. areas of industrial and sectoral restructuring as at 31 December 1987 made up of zones assisted from the non-quota section of the European Regional Development Fund or assisted under Article 56 of the ECSC Treaty (see attached guide list);
  - 1.1.3. areas of high and long-term unemployment drawn up by reference to unemployment rates and per capita gross domestic product (see attached list).
- 1.2. Priority operations limited to the absolute priority regions are indicated by the letters 'AR'; those limited to these regions and the regions in the attached list are marked 'R'; priority operations without regional limitation are marked 'N'.
- 1.3. Persons unemployed for more than 12 months are considered to be long-term unemployed.
- 1.4. Priority will be given to vocational training operations which:
- 1.4.1. equip trainees with the skills required for one or more specific types of job;
  - 1.4.2. have a minimum duration of 200 hours apart from whatever phases of preparatory training may be included;
  - 1.4.3. include 40 hours devoted to training broadly related to new technologies, which are counted in the calculation of the minimum duration of training; this will not apply to operations for the mentally disabled;
  - 1.4.4. in the case of operations intended to further employment in Greece and Portugal, the minimum duration laid down in 1.4.2. shall be reduced to 100 hours and the requirement related to new technologies in 1.4.3. shall not apply.
- 1.5. As far as operations of the apprenticeship type are concerned, only theoretical training is priority, and this only in the regions of absolute priority, or elsewhere where the employment of handicapped persons or members of the families of migrant workers is concerned.
- 1.6. Assistance for the salary costs of public agents who are to be instructors or development agents cannot be priority.
- 1.7. Applications will be approved by budget item. Where appropriations are insufficient to cover priority operations, a linear reduction will be applied, calculated in proportion to the financial volume of remaining applications by each Member State. Where appropriations are sufficient to finance priority applications, this reduction is applied to non-priority applications. In the application of the reduction, preference will be given to:
- 1.7.1. operations forming part of an integrated programme involving assistance from two or more Community financial instruments, in particular integrated Mediterranean programmes (N);
  - 1.7.2. operations of vocational training leading directly to specific jobs in enterprises employing less than 500 persons and linked with the application of new technology which is the subject of Community programmes of research and development (N);
  - 1.7.3. operations particularly dependent on Fund assistance for their implementation (N).
- 1.8. Decisions on applications for assistance will be consistent with Community policies and will take account of compliance with Community rules.
- 1.9. When implementing the guidelines, the Commission shall take account of the economic and social situation of Portugal.
2. *Priority operations for young people under 25*
- 2.1. Vocational training for persons under 18 years of at least 800 hours duration including work experience of at least 200 hours and not exceeding 400 hours and offering substantial prospects of employment (R); for operations intended to further employment in Greece and Portugal, the minimum work experience required shall be 100 hours.
  - 2.2. Vocational training for persons whose qualifications have through experience proved to be inadequate or inappropriate preparing them for skilled jobs requiring the use of new technology (N) or in occupations offering substantial prospects of employment (AR). The requirement for new technology shall not apply in 1988 for Spain.
  - 2.3. Recruitment to or setting up of additional jobs of indeterminate duration (R) or placement in additional jobs of at least six months duration which fulfil a public need (AR).
  - 2.4. Vocational training through employment initiatives taken by local groups, with the assistance, as appropriate, of local or regional authorities, and in the context of a local expansion of employment opportunities (N).
3. *Priority operations for persons over 25*
- 3.1. Vocational training for staff of undertakings with fewer than 500 employees requiring retraining with a view to the introduction of

new technology or improvement of management techniques (R); by derogation from 1.4.2. a minimum duration of 100 hours will be required.

- 3.2. Recruitment or setting up of the long-term unemployed to additional jobs of indeterminate duration or placement in additional jobs of at least six months duration which fulfil a public need (AR).
  - 3.3. Vocational training through employment initiatives taken by local groups, with the assistance, as appropriate, of local or regional authorities, and in the context of a local expansion of employment opportunities (R).
4. *Priority operations which have no age requirements*
- 4.1. Operations forming part of an integrated programme involving assistance from two or more Community financial instruments (N).
  - 4.2. Operations carried out jointly by bodies in two or more Member States (N).
  - 4.3. Vocational training linked to operations to restructure industrial undertakings because of technological modernization or fundamental changes in demand in the sector concerned; the restructuring must substantially affect the skills requirements and affect at least 15% of the workforce within a period of two years. The training may relate to workers being retrained for continued employment in the undertaking, or those becoming redundant and needing jobs elsewhere (R). Priority will be given outside the priority regions where the restructuring affects the vocational skills requirements of at least 25% of the workforce and is located in an area of particularly high unemployment or where the public authorities have introduced exceptional measures to

support vocational training or job creation (N).

- 4.4. Operations of vocational training leading directly to specific jobs in enterprises employing fewer than 500 persons and linked with the application of new technology which is the subject of Community programmes of research and development (N).
- 4.5. Vocational training of the long-term unemployed geared to their needs and including motivation and guidance and offering substantial prospects of employment (R).
- 4.6. Vocational training, recruitment to or setting up of additional jobs for women in occupations in which they are under-represented (N).
- 4.7. Operations for migrant workers and members of their families:
  - 4.7.1. to assist their integration into the host country with vocational training combined with language training (N); for persons over 25 years, this training is limited to the three years following immigration;
  - 4.7.2. to maintain knowledge of the mother-tongue and provide vocational training combined, if necessary, with refresher language courses when they wish to return to the labour market of their country of origin, this applying solely to nationals of Member States (N).
- 4.8. Operations for disabled people capable of working in the open labour market (R).
- 4.9. Vocational training of at least 400 hours duration for persons with a minimum of three years work experience for employment as instructors or development agents (for the promotion of local initiatives) (AR).

5. *Specific innovatory operations*

Innovatory operations limited to 100 persons which represent a potential basis for future Fund assistance in the framework of the labour market policies of the Member States. These should test new approaches to content, methods or organization of operations eligible for Fund assistance (N). The limitation of 100 persons will not apply to operations coming within integrated Mediterranean programmes.

List of areas of high and long-term unemployment and/or industrial and sectoral restructuring:

**Belgique/Belgie**

Arrondissements/arrondissementen: Aalst, Arlon, Ath, Bastogne, Brussel/Bruxelles, Charleroi, Dinant, Hasselt, Huy, Liège, Maaseik, Marche-en-Famenne, Mons, Mouscron, Namur, Neufchâteau, Nivelles, Oudenaarde, Philippeville, Soignies, Thuin, Tongeren, Tournai, Verviers, Virton, Waremme.

**Danmark**

Amtskommunerne:  
Bornholm, Frederiksborg.  
Thyborøn-Harboøre, Thyholm, Lemvig, Ulborg-Vemb, Ringkøbing, Holmsland, Skjern, Egvad (Ringkøbing Amtskommune)  
Hanstholm, Thisted, Sydthy, Morsø, Sallingsund, Sundsøre (Viborg Amtskommune)  
Gundsø, Roskilde, Lejre, Bramsnaes (Roskilde Amtskommune)  
Kommuner Nord for Limfjorden, når bortses fra Ålborg kommune (Nordjylland Amtskommune)

**Deutschland**

Länder: Berlin, Saarland.  
Arbeitsmarktregionen:  
Aachen, Ahaus, Amberg, Bochum, Braunschweig-Salzgitter, Bremen, Bremerhaven, Cuxhaven, Dortmund-Lüdinghausen, Duisburg, Essen, Fulda, Gelsenkirchen, Hagen, Lübeck-Ostholstein, Mülheim, Ober-

hausen, Osnabrück, Recklinghausen, Schwandorf, Siegen, Steinfurt, Wesel-Moers.

Gebietsteile der Arbeitsmarktre-gion Bayreuth, die im Rahmen der Gemeinschaftsaufgabe Verbesse-rung der regionalen Wirtschafts-struktur Fördergebiete sind und die Gebietsteile von Rheinland-Pfalz, die an das Saarland angren-zen.<sup>1</sup>

#### Luxembourg

#### Nederland

Gebieden vastgesteld door de Com-missie voor de Regionale ontwikke-lingsprogrammering:

Agglom. Haarlem, Alkmaar E. O., Arn-hem/Nijmegen, IJmond, Kop van Noord-Holland, Oost-Groningen, Twente, Zaanstreek, Zuid-Limburg.

In Zuidoost-Noord-Brabant de tex-tielzone Helmond.

#### United Kingdom

Counties/local authority areas:

Central, Cleveland, Clwyd, Cornwall, Durham, Fife, Gwent, Gwynedd, High-lands, Humberside, Isle of Wight, Lothian, Merseyside, Mid Glamorgan, Northumberland, Nottinghamshire, South Glamorgan, South Yorkshire, Staffordshire, Strathclyde, Tayside, Tyne and Wear, West Glamorgan, West Midlands.

Travel-to-work-areas:

Part of Wrexham in Cheshire  
Workington in Cumbria  
Part of Sheffield in Derbyshire

LLanelli in Dyfed

Ashton-Under-Lyme, Bolton, Bury, Leigh, Oldham, Rochdale and Wigan in Greater Manchester

Accrington, Blackburn, Burnley, Lan-caster, Nelson, Rossendale and Blackpool in Lancashire

Coalville in Leicestershire

Parts of Grimsby, of Hull and of Scun-thorpe in Lincolnshire

Corby in Northamptonshire

Bradford, Castleford, Dewsbury, Hali-fax, Huddersfield, Leeds, Keighley, Todmorden and Wakefield in West Yorkshire.

#### España

Comunidades autonomas/provincias:

Alava, Alicante, Asturias, Baleares, Barcelona, Cantabria, Castellon de la Plana, Gerona, Guipuzcoa, Huesca, Lérida, Madrid, Navarra, Rioja, Tarrago-na, Teruel, Valencia, Vizcaya, Zارا-goza.

#### France

Départements:

Allier, Ardennes, Ariège, Aude, Bouches-du-Rhône, Calvados, Can-tal, Charante, Charente-Maritime, Corrèze, Corse du Sud, Haute Corse, Côtes-du-Nord, Creuse, Dordogne, Finistère, Gard, Gironde, Hérault, Indre-et-Loire, Loire, Haute-Loire, Loire-Atlantique, Manche, Marne, Meurthe-et-Moselle, Morbihan, Mo-selle, Nord, Pas-de-Calais, Pyrénées-Atlantiques, Hautes-Pyrénées, Py-rénées-Orientales, Haute-Saône, Sarthe, Seine-Maritime, Tarn, Tarn-et-Garonne, Var, Vaucluse, Vosges.

Les cantons du Catelet et de Bo-hain-en-Vermandois dans l'Aisne

Les zones aidées dans l'Ardèche et la Somme et les zones aidées li-mitrophes aux Vosges dans le Bas-Rhin et le Haut-Rhin<sup>2</sup>

Dans la Meuse, est du fleuve Meuse

Les arrondissements d'Autun et de Charolles dans la Saône-et-Loire

L'arrondissement d'Albertville dans la Savoie.

#### Italia

Province:

Alessandria, Ancona, Brescia, Fer-rara, Forli, Genova, Gorizia, Grosseto, La Spezia, Livorno, Lucca, Massa-Carrara, Pavia, Perugia, Pesaro e Ur-bino, Piacenza, Pisa, Pistoia, Porde-none, Ravenna, Rieti, Roma, Rovigo, Savona, Siena, Terni, Torino, Trieste, Valle d'Aosta, Venezia, Viterbo.

Zone assistite nelle province di Arezzo, Como, Treviso, Vercelli.<sup>3</sup>

Milano (eccetto il Centro ma com-presa la periferia industriale).

<sup>1</sup> Dreizehnter Rahmenplan der Gemeinschaftsaufgabe Verbesserung der regionalen Wirt-schaftsstruktur, *Deutscher Bundestag*, Druck-sache 10/1279 vom 11. 4. 1984, p. 150.

<sup>2</sup> Décret 82/379 du 6. 5. 1982 relatif à la prime d'aménagement du territoire, *JO de la Républi-que française* du 7. 5. 1982, p. 1294.

<sup>3</sup> — Comitato interministeriale per il coordina-mento della politica industriale, delibera-zione del 27. 3. 1980, *GU della Repubblica Italiana* No 104 del 16. 4. 1980, p. 3386, p. 3390.

— Decreto 902 del 9. 11. 1976, *Gazzetta Uffi-ciale* del 11. 1. 1977;

— Decreto del 16. 5. 1986, *Gazzetta Ufficiale* del 14. 7. 1986.





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## **Part Two**

### **Analyses, debates, studies**



# Action programme on local labour market development

**At the beginning of 1986 the Commission of the European Communities launched an action programme on local labour market development. This programme examined how 12 areas in the Community have been tackling unemployment and employment development. The 12 case studies were supplemented by a series of review reports on major issues in the field of local economic and employment development. A report of the first year of the action programme summarizes the results of the work carried out in 1986.**

## *Background*

High and persistent unemployment has stimulated an increasing number of policy responses at Community, Member State and local levels. Measures of a 'pro-active', microeconomic nature have become more common, such as encouraging enterprise development and self-employment and supporting local initiatives by unemployed people.

There have been several reasons for this change:

- (i) the immediacy and seriousness of employment problems compelled local bodies to take the initiative;
- (ii) the unavailability of 'footloose' investment and disillusionment with branch-plant-led development switched attention to indigenous enterprises;
- (iii) the existence of greatly underutilized resources, including labour, offered a basis for local projects.

Local actions in the field of employment policy are now clearly recognized at Community level, and have been discussed by the Standing Committee on Employment which recognized the importance of such initiatives. Actions have been promoted, in particular, through the Commission's programme on local employment initiatives. Other Community policies have further underlined the importance of a local dimension in employment and other labour market measures:

- (i) the European Social Fund has identified local initiatives as a priority category;
- (ii) the European Regional Development Fund is assisting endogenous development;
- (iii) an action programme for small and medium-sized enterprises has been adopted; and
- (iv) local integrated approaches have been strengthened by the introduction of integrated Mediterranean programmes.

Such developments raise a series of questions about the appropriate types

of policy measures and tools to encourage and support locally orientated actions and about the relationships between the different organizations, agencies and individuals operating at local labour market levels. The action programme aimed to provide some answers to these questions on the basis of practical experience from case studies and other information available. The 12 case studies were carried out by local researchers and experts with the full cooperation and involvement of the different agencies, institutions and groups involved in the local labour market.

Case studies were carried out in the following areas:

Barcelona, Spain; Hamburg, Federal Republic of Germany; Mid-West Region, Ireland; Nottingham, United Kingdom; Province of Sitia, Crete, Greece; Le Bruyasis, Nord Pas de Calais, France; Ravenna, Italy; Genk, Limburg, Belgium; Aalborg, Denmark; Tilburg, Netherlands; North Alentejo, Portugal; Les Baronnies, Drôme, France.

The summary report of the first year of the action programme describes the broad findings from the case studies, draws out the main conclusions and sets out a series of recommendations for further action.

## *Local responses to employment problems*

The case studies provided the opportunity to examine, over four to six months, a wide range of local actions. They revealed that areas are adopting very different approaches to their employment problems and that many organizations or individuals have been playing new roles in response to changes in the local labour market. The report found that local government authorities have undergone major changes in the last five years. They now tend to play an important role in the local labour market, instigating new actions, supporting other bodies and seeking to coordinate local economic and employment development, despite often tight financial and

legal constraints. The experience of the Municipality of Barcelona was typical of these changes. It has:

- (i) created a new economic and social development service promoting youth employment, community enterprise and other programmes, and operating a network of local development agents at neighbourhood level;
- (ii) established *Iniciatives SA*, a company charged with setting up mixed public/private sector enterprises, e.g. cable television, hotel, newspaper, street furniture manufacturing companies;
- (iii) set up another organization, *Barcelona Activa*, to create a large business centre complex for new enterprises and to offer complementary training programmes.

Many local organizations in the private and associational sectors were also found to be involved in local actions. The case studies found signs that trade union participation in local employment development is increasing. For example, in Hamburg the Metal Workers' Union has set up an Innovation Consultancy Group. In Aalborg the trade unions are one of the sponsors of the City's Industrial Development Office. Overall, however, trade unions seemed to be less active in instigating local development actions.

The same, growing but still rather limited role in local initiatives, was observed in the case of employers (who, of course, play a massive role through their normal recruitment, training and other practices). In some areas large enterprises have been proactive, e.g. the Ford Motor Company in Genk's 'approved suppliers and managers' project, and Plessey in the setting up and running of the Nottingham Advanced Business Centre in partnership with the City Council. This was not however an experience shared by many of the other case study areas.

Employers' involvement through collective bodies such as chambers of commerce or industry is more established. An interesting example was provided by the Nottingham case study.

There, the Chamber of Commerce is cooperating closely with trade unions, and central and local government:

- (i) it is one of the largest youth training agencies in the city with some 730 training places;
- (ii) it runs seminar programmes for personal business skills;
- (iii) it operates jointly with Trent Polytechnic a graduate extension programme.

The report shows a clear pattern is also emerging in the case of universities and research centres. These institutions have started to play an active role in economic and employment development in the seven case study areas of the programme which are endowed with such facilities. Technological transfer and development of small and medium-sized enterprises are activities in which they are increasingly involved.

A less uniform pattern was apparent in the social sector. Hamburg has many non-conventional employment initiatives including network self-help ('*Netzwerk Selbsthilfe Hamburg eV*'), an entirely voluntary organization supporting self-managed enterprises, and autonomous youth training workshops ('*Autonome Jugendwerkstätten*'), an association providing professional training for disadvantaged young people. Various associations and foundations — originally with social objectives — had become involved in training and employment projects in partnership with other local bodies in Nottingham, Tilburg and other urban areas. In the rural area of the Municipality of Nisa in North Alentejo there were some interesting initiatives, including the creation of more than 50 artisan jobs by the 'Misericordial' (social solidarity voluntary association). By contrast, there was little employment or other labour market related activity identified outside the formal institutions in the Aalborg case study.

One of the more remarkable features identified in practically all case study areas was the emergence of a large number of new bodies — both small and large — which spearhead much of the local actions on employment development:

- (i) special units within local government authorities, e.g. Aalborg's Employment Office, and Nottingham City Council's Economic Development Unit;
- (ii) inter-municipal bodies like the 'syndicats intercommunaux' in Les Baronnies and Le Bruaysis, and the informal Provincial Council in Sitia;
- (iii) semi-autonomous bodies created by public authorities, such as Barcelona's *Iniciatives SA*, and *Cidem* (the latter set up by the Generalitat of Catalonia), and Tilburg's *BKW*, (agency for small enterprises), private sector initiatives, such as Nottinghamshire Business Venture, a local enterprise development agency, and Tilburg's *Venture Capital Association*, promoted by the Chamber of Commerce and local enterprises or various partnerships between the public, private and social sectors, e.g. Tilburg's foundation 'Women and work' (SVW) and 'Youth enterprise Tilburg' (JOT).

Such local development agencies were found to vary widely in terms of their links — legal and financial — to major public and private organizations and the breadth of their functions. What they tended to have in common was much greater flexibility in their operation than their parent bodies or sponsors, and a close identification with, and commitment to the particular client groups or subjects in which they specialized.

### *Summary of findings*

The report shows that Community, Member State and local perspectives on tackling unemployment and employment development have been converging. Measures of a microeconomic nature are now very common, and there is a growing body of locally inspired and/or delivered actions.

The experience of the programme, including information from review reports and other material, has pointed out how widespread and severe employment problems are at the local level. Their impact is felt even in relatively prosperous areas and countries, like

Hamburg in Germany, whilst they continue to be very difficult to solve in less developed rural areas, such as North Alentejo in Portugal and the Province of Sitia in Greece.

All areas considered have been taking initiatives in the field of employment. There are now local programmes which are both well established and substantial in scale, especially in:

- (i) youth training and work experience;
- (ii) measures for the long-term unemployed;
- (iii) development of small and medium-sized enterprises;
- (iv) technology transfer.

The report also indicates that there is increasing involvement and cooperation amongst local actors on employment development issues, although some of them — trade unions and large employers — tend not to instigate actions. Many such employment initiatives come from local government authorities, universities and social sector organizations, often acting in partnership with other local bodies and supra-local organizations. Local government authorities often take the lead in attempts to coordinate local actions, although they frequently lack financial or legal powers in this field.

Although the picture of this local approach to employment development is still incomplete, the report identifies some key positive points that stand out:

- (i) the developmental nature of the approach as a method of helping the mobilization of the 'dynamic elements' such as innovation, business and vocational skills in an area;
- (ii) the substantial scale of operation it has already achieved;
- (iii) its potential to provide an efficient delivery mechanism for other, particularly national and Community, employment policies.

#### *Recommendations*

The report recommends three key areas for action at Community level in order to promote and support local economic and employment development:

- (i) the continuation of case study and development work including the dissemination of information from the first year of the action programme, follow-up actions in the 12 case study areas, further evaluation of outstanding issues such as the mobilization of the local social partners and coordination of resources and actions and the development of good practice models;
- (ii) a demonstration programme on local employment development whose main components would be the provision of technical assistance and support for local labour market reviews and for the development and implementation of local projects.

- (iii) greater responsiveness to local needs in the operation of the Community's structural Funds, including through increased devolution of their detailed operations, in order to target the resources to fill crucial gaps in the strengths of the assisted areas.

The report concludes that Member States could help to exploit the potential of the local development approach, as a complement to other employment policies, in the following ways:

- (i) by supporting and participating in the Community's programme of actions;
- (ii) by encouraging the decentralization to local agencies of the design and implementation of actions supported through national programmes;
- (iii) by establishing a clear legal/financial framework concerning local government actions on employment development to reflect a greater level of local autonomy in the operation of national agencies.

(The summary report of the first year of the action programme on local labour market development is available in English/French/German from:

DG V/A/1  
Archimède-I  
200, Rue de la Loi  
1049 Brussels.

# New forms and new areas of employment growth in France, Germany, Italy, the Netherlands and the United Kingdom — a comparative study

## Chapter 1

This study<sup>1</sup> examines the evidence available on the development of new forms and new areas of employment growth in France, Germany, Italy, the Netherlands and the United Kingdom. It comprises five separate country reports and the summary report. It is placed in the context of an assessment of changes in the pattern of employment which have occurred since the mid-1970s and prospects for further change into the 1990s. A distinction is made between the different forms in which job opportunities arise and the different areas of economic activity in which they appear. The first is concerned with how the characteristics of jobs are evolving, notably regarding the essential skill mix required to do them, and the contractual and organizational arrangements within which they are offered to members of the labour force. The second is concerned with the functions of the economy which appear to be increasing and explores where in the industrial-occupational-organizational structure they are principally located: i.e. where people are being employed to carry out those functions. Both of these aspects of employment change tend to be neglected in the mainstream analysis of employment growth which concentrates upon the more conventional dimensions of 'industry' and 'occupation' as defined in the relevant national classifications.

The study investigates the qualitative and quantitative significance of changes in 'form and area' of employment growth. It assesses the adequacy of the existing information system for monitoring them and the need for further research. Finally, it explores the implications of these changes for labour market and educational policies.

This review will mainly deal with the conclusions of the summary report, but these were necessarily drawn from the information con-

tained in the individual country reports.

The study is divided into six chapters, of which Chapter 1 is the summary. The others are described below.

## Chapter 2

### Changing patterns of employment: an introductory view

The conventional analysis of employment growth concentrates upon the familiar dimensions of 'industry' and 'occupation' as captured in the standard national and international classifications. This section reviews the evidence on recent and prospective changes in employment as it emerges from statistical analysis and formal modelling with such data. The first part examines briefly one aspect of modelling the labour market: the treatment of technology and labour demand. The judgments made are rather sweeping, given the variety of models and *ad hoc* methods used and the special circumstances in which most medium-term employment projections are carried out. The mainstream approach is described rather than the range of practice in the field.

The second section examines employment trends since 1970.

Only a broad analysis of the detailed industrial differences between countries is given in the summary report but the figures do imply other dimensions of interest in addition to the productivity and competitiveness issues usually provoked by international comparisons of industrial employment growth. To what extent could the different rates of industrial growth derive from different rates of contracting out service functions with a corresponding effect upon the inter-country variations for services? Why does Italian male service employment grow so rapidly during the recent recession? Is this connected with the lack of part-time work among women even though full-time (and part-time) female

<sup>1</sup> New forms and new areas of employment growth

France: BIPE, Bureau d'informations et de prévisions économiques, Paris.

Germany: IFO, Institut für Wirtschaftsforschung, Munich.

Italy: Ricerche e Progetti, Turin.

The Netherlands: SEO, Foundation for Economic Research of the University of Amsterdam.

United Kingdom: Institute for Employment Research, University of Warwick.

employment has grown much faster in the absence of the large increase in female part-time jobs there? More generally, what has happened to the average quality as opposed to the quantity of employment?

These questions are not be answered here (see, however, the separate country studies for further discussion) but they do suggest another axis for research, namely that concerned with demographic change, *degrees* of labour force participation and the potential impact of new technology upon working patterns over the medium and long run under different supply-side conditions.

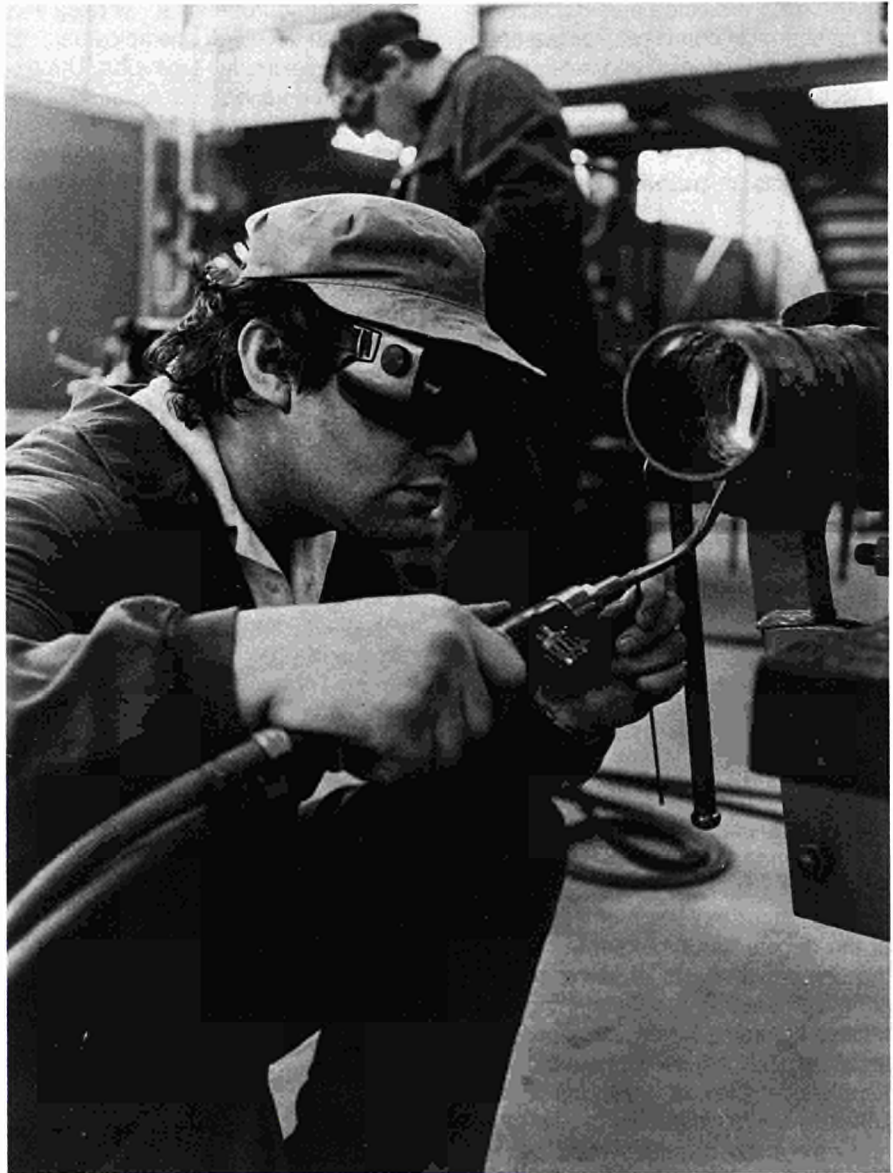
The third part of this section examines employment projections to 1990 and beyond.

In none of the five countries studied does there appear to be any realistic prospect of achieving full employment before the end of the century. The most optimistic outcome is that unemployment will decline only slowly, if at all. This conclusion applies where employment projections are accompanied by endogenous labour supply responses which reduce supply when unemployment is high (as for the UK) or where variant supply projections are made in order to compare them with independently produced variants of labour demand (as for Germany).

Whilst the overall labour market imbalance may not be expected to change very much, this in itself implies a major change for the labour market environment. The fact of a prolonged failure to bring down unemployment to more acceptable levels is all the more significant if viewed from the perspective of the year 2000. By that time, a quarter of a century of very low unemployment will have been followed by a quarter of a century of very high unemployment. This would seem to represent a large and sustained enough change of regime to cause long-run changes in social attitudes and behaviour.

*The report concludes:*

1. The growth of new forms and areas of employment will fail to compen-



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sate sufficiently for the loss of jobs elsewhere and the growth of labour supply. Assuming that national policies remain broadly on the lines adopted during the mid-1980s, the most optimistic outcome is that European unemployment will decline only slowly.

2. The industrial structure will continue to change in favour of the service sector as conventionally classified

but this change will not be as marked as that experienced over the 1975–85 period. First, after the adjustments made during the recession, European manufacturing industry is more competitive and overall will experience a slower decline in employment. Second, the growth of services will be hampered by the effects of restrictive budgetary policies upon the developments of public services.

3. The main projected areas of employment growth common to all five countries are business and related services, tourism and leisure activities, and health care. There are significant differences between countries in the prospects for manufacturing employment.
4. The occupations most likely to expand are the more highly qualified groups: those particularly associated with industrial growth — financial and business specialists, recreation professions, and in many industries — managers and supervisors; and those whose employment is fairly concentrated in less buoyant industries but where occupational shares within those industries are rising — engineers, scientists and the intermediate technical occupations.

## **Chapter 3**

### **A supply-side perspective**

There has been considerable debate about the notion of and need for greater flexibility in the labour market and its implications for the pattern of work. Much of the debate has been set in terms of the combined effects of fiercer international competition and the major opportunities emerging for organizational and technological change. However, certain supply-side issues are inextricably linked to the development of new forms and new areas of employment growth. These include labour force participation, part-time employment, reductions in working hours and the labour supply to the informal sector. The report concludes:

1. Associated with these projected industrial and occupational changes are further increases in the employment of women and further (modest) reductions in hours worked per year by full-time employees. Self-employment is expected to rise in three of the countries, tending to stabilize in the other two.
2. Supply-side effects are, however, potentially important, given the re-

duction in European fertility rates and the high level of unemployment of males seeking full-time jobs. The extent and duration of labour market imbalance is likely to lead to behavioural changes which in some countries could alter the occupational preferences of males and the patterns of work of men and women.

## **Chapter 4**

### **New forms of employment growth**

The analysis of industrial-occupational change given in Chapter 2 ignores changes taking place in job content within occupations and in the relationships between occupations. It omits reference to the conditions of employment attached to the jobs being generated and the possible connections between the occupational outcomes of organizational and technological change and the job content/contractual arrangements which are emerging. The present section turns to these issues.

The net effect of new organizational and technological developments upon the work that people do in an economy has to be examined carefully. At the level of the employing establishment, the impact will be seen in terms of the number of people (and full-time equivalents) employed, the proportions of them in different functions and their conditions of employment. At the industrial level, the impact will emerge in the 'corporate employment structure' consisting of the numbers and sizes of establishments, how they are grouped together into different companies, the relationships between the companies in the 'same' industry, the extent to which they engage in multi-product activities, and the resulting patterns of work. At the national level, the impact will encompass the development of new industries and decline of the old; the links between domestic industries; the extent of international sub-contracting; and more generally, the penetration by foreign firms supplying intermediate and final demands.

Furthermore, government response to the economic situation is also a pot-

entially important factor, especially as it affects the tax-subsidy regime facing companies and in its impact on public services and other non-marketed services in the formal sector. More broadly still, there may be changes affecting the boundary between the formal and informal sector of the economy and between those and the voluntary and household sectors.

Thus the eventual economy-wide consequence for the availability of work and the job content and contractual conditions involved cannot be settled by reference only to case studies of particular establishments. There will remain the problem of how to add up or assess the aggregate implications of developments which initially can only be revealed at the micro or case-study level. None the less, only case studies come close to the social reality of occupational change and evidence from them is reviewed in the country studies, alongside the available national employment data and results from more specialized sample surveys.

### *Job content*

In order to examine changes in job content, it is helpful to make three sets of distinctions between:

- (i) function and occupation;
- (ii) shifts in the way a function is organized which alter jobs sufficiently to be recorded as changes in the occupational data (as conventionally classified) and those where much significant change in job content is not captured in such data;
- (iii) skills actually employed, entry requirements for a job, and qualifications held by the individual doing a job.

These functions should then represent the underlying activities rather than the way in which they are carried out via occupations. The skills should represent the abilities and experience needed to do the jobs created in the occupational hierarchy rather than the formal educational qualifications or other vocational training conditions used as mini-





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imum entry requirements or held by the 'average person' in the occupation. The most easily obtained information at national level is, however, occupation by qualification and this blurs all three distinctions made above.

The examination of changes in job content first looks at the 'function by occupation' and 'occupation by function' data, then highlights the main points which emerge from case-studies, and finally considers the implications of 'qualification by occupation' and related data.

### *Contractual arrangements*

While the analysis of job content is very badly served by the available data, the position for contractual forms is

rather better. Apart from the usual monitoring of employees in employment, past trends for major groups like those self-employed who operate well within the boundary of the formal or 'measured' economy and similar groups of regular part-time employees can generally be established and there is sometimes scope for distinguishing cyclical from secular change. However, beyond that there is a dearth of information especially about changes over time in a variety of contractual forms.

This section is concerned principally with examining the possible contractual arrangements and the statistical evidence on recent trends rather than with full explanation of changes over time and differences between countries.

### *The main conclusions are:*

- (i) The skill content of jobs has changed and will continue to change quite substantially for particular industrial-occupational groups. However, further account needs to be taken of the growth of qualifications and its interaction with the age-structure of different occupations. The balance of employment between main functions, such as production, maintenance, distribution etc., has shifted away from production. The principal impact on the job content of occupations has been to require multi-skilled and multi-functional people at the intermediate occupational level and amongst skilled manual and non-

manual workers. At higher levels, the study identified the need for managers to have a broader range of competence and a capacity to cope with more complex combinations of capital equipment and personnel. Supervisory jobs are also being affected by the latter change in particular.

- (ii) Although the emergence of quasi-self-employment as a substitute for employee status is not as yet a major phenomenon, different forms of self-employment and off-site working are likely to develop. These could well raise the levels of skill used in such employment and this would have particular implications for women.
- (iii) More 'flexible' contractual forms and working patterns will probably increase, involving different degrees of attachment between employees and employer and more temporary work. The principal restraint upon their growth is likely to be the capacity of management to identify opportunities for lasting organizational change and arrange corresponding new work systems, rather than the resistance of the labour force.

## **Chapter 5**

### **New areas of employment growth**

In this chapter, the emphasis is on the particular part of the 'industrial-occupational-organizational' structure in which the employment is located, and begins by commenting upon new areas of employment growth within the service sector.

There are substantial differences in the composition of service sector growth between countries. Clearly some of these variations will relate to discrepancies between classifications and time periods chosen for the projections, to the exogenous assumptions made and the projection methodologies adopted, but they also indicate structural differences.

This raises an issue mentioned first in section 2.1. There have been claims that quite marked shifts of economic function from production establishments to service sector establishments have taken place. Our knowledge of the anatomy of such changes is very poor but there are some clear indications that this has happened to some degree.

Some case study evidence and results of employer opinion surveys tend to suggest that the effects of service sector growth through shifting functions could have been as important as growth due to an overall increase in requirements for service functions by the production sector and the rest of the economy. Moreover, this phenomenon is expected to continue. However, the shifting of the service function in question must eventually be complete or reach a practical upper limit.

The most striking evidence has come from case studies of large manufacturing companies. These firms are under pressure to reduce employment for several reasons: reduction of capacity through scrapping of capital stock and redundancy among those previously operating it; replacement of existing capacity with new labour-saving technology requiring less labour per unit of output; and contracting out. The last of these becomes an attractive option where companies face uncertainty about future demand (especially after a period of decline); where economies of scale no longer apply to the same extent as before and so sub-contracting substantial parts of the product or contracting out the production of components becomes cost-effective; or where economies of scale/specialization are great enough to warrant contracting out producer service functions to specialist enterprises in the service sector.

It is concluded that the main changes in the location of functions within the industrial structure will be:

- (i) the continuing (though ultimately limited) contracting out of service functions within production industries to the service sector, especially business services, and

- (ii) the growth of small enterprises relative to large enterprises. Perceptions of the likely scale of the first effect do seem to differ greatly between countries, however. The case for expecting a substantial shift in the balance between home provision and market provision of services is much less clear.

## **Chapter 6**

### **Data, research and policy**

#### *The adequacy of the existing information system*

Considerable comment is made throughout the report upon the lack of data and the problem of interpreting what is available. The main points can be summarized as follows:

- (i) The monitoring of 'form' in all countries suffers from a basic lack of periodic measurement of both job content and contractual arrangements. This is exacerbated by the absence of regular monitoring of changes in occupational structure by industry. The position on contractual arrangements is more easily improved but that on job content does raise technical difficulties. The latter would, however, benefit from the regular provision and analysis of qualification and/or educational and training experience by occupation, industry, age and gender.
- (ii) The monitoring of 'area' is undermined partly by presentational inadequacies which could be remedied by alternative aggregations of the detailed industrial data and partly by the lack of occupational data. However, the disproportionate attention paid to collecting and presenting data on manufacturing as opposed to service sector employment is now glaringly obvious. Disaggregation of employment by size and type of enterprise should become a regular feature of the presentation of employment trends even if this is at the expense of the collection and presentation of industrial detail.

### *Future research*

One aim of international comparisons is to find out the differences between countries in some area of policy or behaviour. These differences may provoke reflection and produce ideas for policy innovation but their extent can severely limit the relevance of the results even if they add to their general interest. Another aim is to exploit the additional experimental variation provided by the international cross-section, not so as to compare inherently different situations but to examine essentially similar processes in which certain variables differ. In the latter case, the findings of such research can be as illuminating to national governments as to international agencies. For, in effect, they provide behavioural experiments at no cost other than that of careful comparative research. Moreover, the experimental variation may sometimes be extended by recognizing spatial units below that of the nation.

The research proposed is intended partly to improve the acuteness of comparative observation of the shapes of national labour markets because those shapes are what we should know. It is also designed to facilitate better targeting of case-study work so that this will illuminate features of the labour market which cannot be revealed by the analysis of international or harmonized national data.

Three main areas of research are proposed in order to provide a better overall understanding of the nature of growth in new forms and new areas of employment and a better point of departure for more detailed survey and case-study research in a comparative context. The areas are: 'qualitative aspects of employment growth', 'employment structure and functional relocation', and 'the economics of new forms of employment and functional relocation'.

The main implications for policy concern the relationship between the quality

of jobs, the role of job creation schemes, and policy on investment in adult training. The tentative evidence of over-ability and over-qualification of people in less skilled jobs suggests that the further creation of such jobs, generally with even lower skill levels and poorer conditions of employment, will merely increase competition amongst the weakest members of the labour force.

At the same time, there are shortages of skills which discourage employers from adopting the high skill/job enrichment option when introducing new production technology. This forces more able people with obsolete or irrelevant skills to filter down the occupational hierarchy. State intervention to support adult training and the development of a much more effective market for education and training would help to avoid the shrinking of the intermediate skill base which may well be a prospect.

# ECSC readaptation aid and industrial restructuring in the coal and steel sectors

**The Commission has conducted a cost/effectiveness study in the field of ECSC readaptation aid relating to workers who have been affected by the restructuring and modernization of the steel and coal industries. William Rees and Barry Thomas were the experts in charge of the project. They are members of the Industrial Relations Group at Durham University, a group which addresses itself to the problems in industry from various points of view (for example, legal, economic and social). The following article gives an outline of the content of their report.**

## Introduction

The restructuring of the coal and steel industries in Europe has involved massive changes in employment. Between 1976 and 1984 some 300 000 jobs were lost in iron and steel, and about 110 000 in coal. Substantial financial assistance, co-financed by the Commission and Member States' governments, has been paid to affected workers. During this period the Commission provided over 1 000 million ECU of readaptation aid in the form of traditional aid, payable under the bilateral conventions made under Article 56 (2) (b) of the Treaty of Paris, and as special measures payable under the social volets. The study described in this article<sup>1</sup> arose out of the Commission's desire to examine the practices and efficacy of its financing of readaptation aid.

## Methodology

Research workers in several Member States have contributed to the study: they have worked to a common methodology under the direction of a team from the Industrial Relations Group of Durham University, UK. An initial task was to try to gather data on expenditure on different readaptation aids (RAs) on a comparable basis across Member States. A major concern was to link, so far as possible, expenditure on specific aids to particular redundancies in each country, and to identify the contribution of the EC and of the national governments to the benefits received by workers. The study has also examined the history of the RAs, the objectives which they serve, and the interpretations which have been put on the various agreements relating to RAs between the Commission and Member States. Finally, some evaluation of the efficacy of the RAs was attempted. Considerable use was made of interviews with government departments, coal and steel firms, trade unions and other organizations, as well as the examination of statistical material. Thorough and comprehensive case studies were prepared of the position in Belgium, France, Germany and the UK, and less detailed studies were

made of Denmark, Eire, Italy, Luxembourg and the Netherlands.

The essential purpose of the study has been fourfold:

- (i) to compare the operation of the system of aids in the Member States which are recipients of aid;
- (ii) to examine the degree to which EC funding under Art. 56 (2) (b) contributes within broader national policy to the EC Commission's major objectives;
- (iii) to examine the extent to which Art. 56 (2) (b) funding acts as a catalyst which brings about funding by national authorities, i. e. additionality, and the enactment of specific social measures;
- (iv) to consider the distribution of the aid across Member States indicating data requirements for achieving and monitoring such a distribution.

## The report

### *Objectives of readaptation aid*

Up to the late 1960s the EC Commission (or its predecessor, the High Authority) had two objectives:

- (i) to assure the social protection of the workers affected by restructuring by guaranteeing them the continuation of their means of subsistence for a limited period, and
- (ii) to promote the reintegration of these workers into productive life by facilitating access to new employment.

Over time the objectives have been modified and extended. In recent years four objectives of the Commission have been separately identifiable, although they are highly interdependent. The objectives' rank ordering in terms of their

<sup>1</sup> Study of the European Communities' readaptation aids in the coal and steel industries, final report.

importance can and does change over time. However, from the late 1970s through to the present, the rank order in our view has been as follows:

- (i) achieving acceptance of industrial restructuring by those involved (notably governments, workers, trade unions and management);
- (ii) achieving withdrawals from the labour force;
- (iii) assuring reasonable social protection for the individual (in terms e.g. of income and future job prospects);
- (iv) attaining the optimal reallocation of the workforce. The second objective, achieving withdrawals, is sometimes seen as part of and subsumed under the fourth objective of attaining optimal reallocation.

There are several underlying considerations which impinge upon the Art. 56 (2) (b) objectives. The first is additionality, i.e. the long standing notion in this context that the EC should add to the Member State's contribution and should not simply replace it or provide straight reimbursement to the Member State. The second consideration is complementarity, i.e. EC RAs need to be satisfactorily aligned to other EC instruments such as Art. 56 (2) (a), the European Regional Development Fund and to the European Social Fund. The third consideration is harmonization, a multifaceted concept, the importance of which to the EC Commission has varied over time, although it has been a consistent concern. Two interpretations of harmonization are:

- (i) that every redundant ECSC worker should obtain the same income in relation to his former earnings (thus the EC contribution would then be inversely related to the size of the Member State's payments);
- (ii) that the EC should make the same absolute payment to ECSC workers in each Member State.

There may be conflict between these two interpretations and in seeking a balance between the two, it is essential to take account of the objectives of EC RA.

### *Instruments and trends*

There are basically eight major ECSC instruments:

- (i) tideover allowances;
- (ii) earnings supplements;
- (iii) early pensions and related early retirement benefits;
- (iv) training allowances and costs;
- (v) mobility allowances;
- (vi) severance or lump sum payments;
- (vii) concessionary coal benefits; and
- (viii) short-time working.

All eight instruments serve the EC objectives of acceptance of restructuring and assuring reasonable social protection. Four instruments especially concern optimal reallocation of labour, namely tideover allowances, earnings supplements, training and mobility allowances. Two instruments, early pensions and severance payments, are worth highlighting as especially concerned with achieving withdrawals.

There is diversity of use of aid instruments across the Member States and between the two industrial sectors within Member States. Individual aids also differ in importance within and across Member States at different periods but some general trends are clearly discernible. We can state with confidence that during the 1980s early retirement benefits have universally become very important as an EC aid across the Community whether *de facto* or *de jure*. In particular early pensions and related early retirement benefits (including under the 'social volets'), training allowances, lump-sum payments and short-time working are instruments which have generally become relatively more important while earnings supplement and mobility allowances have become less important. Instruments remaining broadly the same in significance have been concessionary coal compensation, which is of particular symbolic importance to miners, and the 'division anti-crise' (DAC) which can be regarded as a unique kind of tideover allowance for steelworkers in Luxembourg effec-

tively assigned to special project work. Tideover allowances have remained a highly important instrument but now have a more explicitly dual role depending on the age of the beneficiary. While historically tideover allowances were called waiting time allowances, that particular use of tideover allowances has become restricted to younger redundant workers who aspire to obtaining alternative jobs. For a larger group of beneficiaries, namely older workers, tideover allowances are an early retirement aid. This represents a change in the use of this instrument dating from the 1970s by which time for many it had already become a *de facto* early retirement measure.

The RAs differ in their cost, in terms of the EC contribution per beneficiary. Of the principal aids, training and early retirement benefits are consistently the most expensive across the Community. Tideover allowances are generally both more important and more expensive than earnings supplements. The latter are universally a relatively cheap EC RA where utilized.

### *The relationship between the EC and Member States*

Member States' social security systems definitely influence the shape and form of EC RAs when they are operationalized in each country. It has always been taken as given (by the Commission and Member State governments alike) that EC RA is a topping-up process so that historically EC RA has relied upon rather strong social security schemes (whether State or industrial sector based) functioning in Member States. Many of the EC RAs are thus closely linked to — indeed grafted on to — each country's social security provisions. In negotiating bilateral conventions the EC Commission is constrained by this factor. The terms of the applicable bilateral convention agreed between the Commission and the individual government and/or under the social volet (SV) deals, together with the level of take-up of each aid instrument, and the level of social security payments in a Member State, are thus important de-



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terminants of the size of the EC's contribution to RA in a particular Member State.

Theoretically the EC can contribute up to 50% of the payments made under individual EC aid instruments, i.e. matching the Member State's contribution, subject to ceilings in relation to certain aids (e.g. lump sum payments) which may substantially reduce the EC's contribution below 50%. Yet annually overall payments made in practice in recent years (since 1979), according to our research results, have frequently represented only approximately 10% (or even rather less on occasions), in Belgium, Germany and the UK, of what we define as EC eligible or gross cost of EC RA payments for the coal mining sector. In contrast, the EC contribution

for the steel sector for these three countries has been at least 40% of the EC eligible cost.

#### *Assessment of readaptation aids*

Do RAs make the restructuring process more acceptable? There are two indicators which may be used to show whether this objective has been achieved: firstly, has there been a reduction in conflict; and secondly, have there been delays in the restructuring of industry? These indicators are not capable of precise measurement, but there is strong agreement of the evidence among observers in the different Member States.

As far as the level of RA is concerned, higher levels make restructuring more acceptable. The study concludes that there is some additionality, and that in most Member States there is a satisfactory degree of acceptance of restructuring. It should be noted, however, that the composition of the package of readaptation aid might be crucial. For example, lump sum severance payments have been very effective in achieving voluntary redundancies. The willingness of different groups to accept restructuring — governments, employers, unions and the workers — sometimes differs. The workers are of central interest because they are the ones who have to bear the social burden of the restructuring process. There is widespread agreement that without EC readaptation aid the burden would have

been intolerably high for workers, and that would have brought unacceptable costs and conflict, though in fact individual workers were often not aware of the EC contribution.

The way in which EC readaptation aid has made restructuring more acceptable was sometimes by a more subtle route than simply the provision of cash. It was by creating a climate in which it was easier for unions to accept restructuring, and for governments and employers to make concessions. Thus psychological factors as well as financial ones may be relevant. It must be acknowledged that there has been serious social conflict in a number of Member States, but our broad conclusion is that EC readaptation aid has produced a very significant easing of the process of restructuring.

A second objective of RAs concerns optimal reallocation, that is achieving the quickest possible re-employment of labour in sectors of the economy where it can be used most productively. In practice, as noted above, the very high levels of unemployment have meant that RAs have been more concerned with another objective, achieving withdrawal from the labour force.

Different readaptation aids affect optimal reallocation differently. Training and mobility allowances are designed to affect optimal reallocation but in practice their effectiveness seems limited. Early pensions do contribute to withdrawal from the labour force but it is debatable whether this can properly be regarded as optimal reallocation. Lump sum severance payments may not do much

for optimal reallocation generally. They certainly induce the shake-out of labour, but they may impede the speed of job search and reemployment. Extended weekly payments in the form of tideover allowances for younger workers may also in certain circumstances have a similar effect. For older workers tideover allowances have become a form of early retirement benefit and they promote withdrawal from the labour market.

Optimal reallocation is adversely affected by the great rise in unemployment, and by the regional immobility of labour. In practice transfer and relocation benefits have been of little significance, and immobility has been a serious problem. Furthermore, new jobs are difficult to attract to regions affected by decline in coal and steel industries, so the problem is one of workers not moving to the work and problems in taking the work to the workers. These problems are serious, but would probably have been worse in the absence of EC readaptation aid.

A final objective is that of achieving reasonable social protection. All aids can be seen as contributing to this but tideover allowances have consistently been a key element. Reasonable social protection can be defined with respect to the previous wage, or with respect to coal and steel workers in other Member States, or with respect to workers in other industries. The study's overall conclusion on social protection is that income support benefits provided by the EC do yield some additional benefits and the level of benefits has been reasonable if former incomes or in-

comes in other sectors of the economy are taken as the standard comparison. However, the duration of protection is now arguably weaker, in the face of long-term unemployment, and the concept of social protection which is discussed in the study takes no account of workers made redundant who are not eligible for EC RA.

### *Some broad conclusions*

The study raises a number of issues such as the appropriate duration and ceilings of EC contributions, and appropriate eligibility criteria. The report discussed the future priorities in the use of RAs and drew attention to the continuing need to ensure that objectives are clearly and widely understood so that transparency is improved. The report also suggested that more explicit consideration could usefully be given to clarifying and perhaps developing the interrelationships between Article 56 (2) (b) of the ECSC Treaty and other EC instruments for job creation. It argued that in areas heavily affected by coal and steel restructuring job creation measures will be most effective if they work in harmony with the tried and tested RA measures.

In times such as the present, when there are tight budgetary constraints faced by the Commission, it is understandable that any case for expanding RAs would be viewed with caution, but the study concluded that RAs serve a sufficiently important purpose that any cutting back from present levels would be highly undesirable.

# Social indicators and evaluation of social security in Belgium

The main purpose of this study is to assess the impact of social security transfers on poverty by measuring the degree of security or insecurity which they represent for the population.

This research target is pursued on the basis of various social indicators: descriptive indicators, indicators of results and indicators of resources.

The research is part of a series of projects carried out over a long period of time by the Centre for Social Policy of the University of Antwerp under the direction of Professor Deleeck.

For several years past, the University of Antwerp's Centre for Social Policy has been engaged in research aimed at determining the poverty risk in segments of the Belgian population, discovering how many people live on and below the poverty line and measuring the impact of social security cash benefits, especially on poverty. It is also endeavouring to develop a methodology for eventual use in compiling official statistics, particularly with regard to surveys of household income and expenditure.<sup>1</sup>

Its findings are presented in the form of three sets of social indicators.<sup>2</sup> The descriptive indicators provide information on income distribution, including benefit income. Indicators of results help assess the level of (in)security of the population and the efficiency of the social security system (judged by an objective yardstick). Resource indicators measure the financial resources deployed, both globally and as regards individual benefit entitlements.

In very broad outline, the system of indicators used was as follows:

## *Descriptive indicators:*

- (i) the distribution of wage and benefit income, by category of income;
- (ii) average wage and benefit income.

## *Indicators of results:*

- (i) minimum subsistence requirements;
- (ii) total number of households on the poverty risk line;
- (iii) number of households on the poverty risk line by social category;
- (iv) number of households on the poverty risk line before and after receipt of social security benefits;
- (v) the poverty gap.

## *Indicators of resources:*

- (i) social security expenditure as a percentage of gross national product (GNP);

- (ii) amount of minimum benefits as a percentage of per capita national income;
- (iii) amount of minimum benefits as a percentage of minimum subsistence requirements.

The indicators of resources were compiled from official statistics. The descriptive indicators and indicators of results are drawn from surveys conducted on representative samples:

1976: 5429 households  
1982: 4840 households  
1985: 6419 households

The sample surveys offer the great advantage over official statistics of providing data on a per-household basis. They also furnish information on the composition and social characteristics of households and make allowance for the aggregation of married couples' incomes for taxation and the concurrent drawing of social security benefits.

The Belgian social security system is of the continental, or 'Bismarckian', type. It embraces three occupational categories (employees, the self-employed, public servants) each of which confers entitlement to social benefits (theoretically proportional, but with upper and lower limits) such as family allowances, unemployment benefit, retirement pension, disability payment and health care benefits. They are funded partly from earnings-related contributions and to a lesser extent by State grants. Alongside these three systems there is a supplementary, guaranteed minimum benefit, means-tested social assistance scheme. It is important to note that our household survey makes no distinction as to the administrative or institutional origin of welfare benefits received.

<sup>1</sup> This methodology was also applied to a joint research project equally co-funded by the Commission of the European Communities and the governments of the countries involved in it: Belgium, the Netherlands, Luxembourg, France, Ireland and Greece.

<sup>2</sup> Deleeck, H., Cantillon, B. *et al.*, 'Indicateurs de la sécurité sociale, 1976-85', *Revue Belge de Sécurité Sociale*, 1986, No 4 and 5, Annex, 86 pp.





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### Minimum subsistence requirements as a tool for evaluation

Minimum subsistence requirements are defined as the minimum level of income covering the basic needs of each type of household. They offer an accurate guide to those not at risk of poverty (income above the minimum) and those at risk of poverty (income below the average minimum; income substantially below the average indicates a condition of poverty). The minimum income considered necessary to maintain an acceptable standard of living was defined for eight types of household in the light of statements made by the survey population themselves, taking as the starting point households who avowedly found it hard to balance the family budget, and ignoring the extremes at both ends of

the scale. The questionnaires provided information on three aspects: the minimum income considered necessary by type of household; the interviewees own perceptions of their financial situation; and the real total disposable income of the household.

Each household was thus given an *objective* poverty risk rating:

$$OPR = \frac{\text{real income}}{\text{minimum subsistence requirement}}$$

The *subjective* poverty risk rating depends on how each household scored its own financial situation.

Table 1 shows the minimum subsistence requirements (MSR) for the eight most common household types. Applying this at 75% of the full rate clearly identifies the categories of household

displaying a very marked risk of poverty. For the purpose of illustration, the statutory minimum benefits have been compared with the Centre for Social Policy's (CPS) norms. These minimum benefits — more specifically, guaranteed income for the elderly and minimum unemployment benefits — appear very close indeed to the austerely-applied (75%) CPS norm.

### General conclusions 1976—85

The findings of our research must be read subject to the methodology adopted if they are to be correctly interpreted: the household — not the individual — was taken as the basic unit; the criterion of efficiency is the existence

of a guaranteed minimum wage, not one related to previous earnings levels; the standard was derived from the subjective perceptions of the survey population itself. The very general nature of this study means that a number of specific situations, frequently governed by detailed and complex regulations, eluded its scope.

In the light of the foregoing, the findings of our survey can be summarized as follows:

1. The inefficiency of the social security system in 1985 is indicated by the fact that 21% of households never rise above the poverty risk line; 6% of households are markedly below the poverty line and must therefore be considered as in a condition of extreme poverty. The need for our social security system is illustrated by the appreciable percentage (27%) of households kept above the poverty line only by welfare payments (the remaining 52% being above the poverty line in any case).
2. From 1976 to 1985 — the height of the recession — the average household income from employment, family allowances and unemployment benefit decreased in real terms, except for the three lowest decile earnings,

while the amounts of pension payments rose appreciably. Inequality of income distribution does not appear to have been heightened.

3. Between 1976 and 1985, no increase was noted in the total number of households on the poverty risk line (calculated on the minimum income as estimated by the survey universe itself) — if anything, the number decreased; the overall efficiency of social security remained unchanged.

This overall stability conceals two diametrically opposed movements; a decrease in the proportion of pensioners within that group of households on the poverty risk line was countered by a rise in the percentage of unemployed individuals.

4. Throughout the 1970s, all social welfare benefits increased at a constantly higher rate than general living standards (i.e. greater than the rise in per capita national income); this trend was reversed in 1984 and 1985 (falling back to below 1980 levels) except for minimum guaranteed income assistance.
5. With regard to the efficiency of social security, the problems are concentrated in certain categories of recipient and certain sectors:

- (i) allowances are insufficient for one-income households, particularly with unemployed heads of family;
- (ii) the foregoing also applies to lone parents and single individuals in general;
- (iii) the position of the elderly has improved, with the exception of the very elderly unmarried;
- (iv) generally speaking, guaranteed minimum allowances (in the social insurance and assistance areas) are too low, with the exception of occupational pensions;
- (v) a broad section of welfare recipients do not enjoy full benefit rights, thus receiving benefit short of the minimum prescribed amounts.

**A paradox: poverty is not on the rise**

Despite a series of warning bells (increased use of Minimex and national assistance centres; buying on the 'never-never'; default on electricity bills, etc.) the survey failed to turn up evidence of an all-round increase in those below the poverty line between 1976 and 1985.

Why should this be?

- (a) The survey in no way masks the problem: in 1985, 21% of households were on the poverty line, of which 6% could be considered in a condition of extreme poverty.
- (b) While there was no increase in the overall number of those living below the poverty line, a change was observed in the composition of the category: the number of working-age poor increased, while the proportion of elderly people decreased markedly.
- (c) In recent years, public opinion has become more sensitive to some aspects of poverty, either because they are more striking or have become more visible. These are frequently confined to individual cases or specific situations,

**Table 1: Minimum subsistence requirements, Belgium 1985**

Type of household	CPS	CPS	Statutory minima	
	(100%)	(75%)	A	B
Elderly single person	21 400	16 050	14 177	20 852
Single worker	24 000	18 000	16 406	33 349
Elderly married couple	27 700	20 775	19 690	26 060
One working, one elderly	29 700	22 275	—	—
Working couple	34 100	25 575	23 348	33 349
Working couple, one child	39 700	29 775	25 525	35 526
Working couple, two children	43 000	32 250	29 552	39 553
Working couple, three children	44 600	33 450	35 446	45 447

A = Based on guaranteed income for the elderly (assistance) and minimum unemployment benefit.  
 B = Based on minimum pension entitlements and the minimum monthly guaranteed wage.

deserving of attention, but of comparatively limited statistical significance for evaluating the numbers on and below the poverty line generally.

- (d) In conclusion, care must be taken not to confuse a general decline in living standards with the highly specific slide into poverty.

Our comparison also supplied indications concerning the evaluation of different possible methods of constructing a poverty threshold. The use of another method, the OECD's so-called statistical method (poverty threshold 60% of national income per person for a single person, 100% for a couple, 125% for a couple with one child, etc.) gave the same overall picture of the trend as that obtained by using our so-called subjective method.

### The number of households at risk of poverty and the impact of recession

As measured by our standards, some 21% of households are *objectively* on the poverty risk line (i.e. income below the minimum subsistence requirement for their household type). The percentage of households *subjectively* on the poverty risk line (i.e. which in their own estimation are struggling to make ends meet) is far higher.

There has, however, been a change in the composition of households on the poverty risk line, reflected in the increase in unemployed household heads and a decline in the number of pensioners. The findings are also influenced to some extent by changes in the standards themselves, which are based on the (equally changing) appreciations of the sample universe.

Hence, the level of minimum subsistence requirements for families with dependent children has declined in comparison, chiefly due to the brake placed on social mobility aspirations by the continuing recession. In contrast, the minima for old people have increased — a phenomenon attributable to the growth in their real incomes and the rise in the level of their aspirations.

### Factors determining the existence of a poverty risk

The risk of finding oneself living near or on the poverty line is not equally distributed throughout the sample universe. The decisive factors are chiefly associated with low social status (educational attainment, professional qualifications, occupational status, social class). High-risk household types in 1985 were therefore unchanged from 1976: unwaged heads of family (chiefly the unemployed, sick and pensioners), lone-parent female household heads (particularly widows), divorcee-headed single-parent families, heads of household with low educational attainment and/or occupational status. Certain

significant changes have, however, occurred over the past decade: a marked deterioration in the position of unemployed household heads; an improvement in the position of the elderly and in households where earnings are a source of income (particularly the increasing number of two-income households).

Much has been said in recent years about 'the new poor' — a fate for which it is claimed young people and women are peculiarly destined, hastened on by unemployment and the disintegration of family life. Our findings offer nothing to support such a claim. Female-headed households have increased, but their exposure to poverty has risen only slightly in proportion.

**Table 2: Number of households at risk of poverty (% of total population)**

Percentage of households	1976	1985
Objective poverty risk (standard = 100%)	23.6	20.9
Objective + subjective poverty risk (standard = 100%)	14.2	14.3
Objective poverty risk (standard = 75%)	7.7	6.1
Objective + subjective poverty risk (standard = 75%)	3.1	3.0

**Table 3: Number of households near the poverty line by social category (%)**

	Percentage of persons near poverty line		Percentage of sample	
	1976	1985	1976	1985
All sample universe	24	21	100	100
Unemployed heads of family	51	60	3	3
Pensioner heads of family	40	35	26	27
Occupationally disabled heads of family	49	44	2	2
Young heads of family (—30 years old)	13	11	11	11
Female heads of family	35	35	13	17
Widows	34	36	13	11
Divorced women	33	36	2	4
Two-income households	7	4	26	30
Primary education only	34	38	48	34
Unskilled manual workers	41	46	14	12

### Efficiency of social security benefits

Taking the sample universe as a whole, it is clear that half the households surveyed live above the poverty line without support from State benefits. The income of some 30% of households were kept above the minimum subsistence requirement by social security transfers; 20% of households failed to rise above the subsistence threshold because their earnings from employment and/or benefit income were too low. Half of those wholly dependent on an allowance or benefit remained above the poverty line, but despite (too-low) benefits, the other half remained at risk of poverty. That is a certain measure of the inefficiency of the social security system (Table 4).

The living standards of unemployed households have fallen appreciably since 1976. This is first and foremost due to the increasing proportion of the most vulnerable sub-group within the unemployed category — namely, households without a second source of earned income. Today, they are almost without exception all on the poverty risk line.

Contrast this with the improved efficiency of pensions, both in the increase in the number of pensioners with access to other sources of income (notably from the increased number of married women with their own pension entitlements) and the rise in the amount of pension paid (as pension schemes come to term and with the increase in the number of retired civil servants).

The poverty gap, i.e. the volume of (supplementary) financial resources theoretically required to lift all households from below to above the poverty risk line is comparatively small (BFR 54 000 million in 1985, or 1.4% of national income).

### Indicators of resources

Indicators of resources provide information on the total financial resources deployed by the State to operate the social security system (social security/national income ratio) and the minimum personal benefit levels as a percentage of per capita national income, i.e., in proportion to the rise in general standards of living. It should not be overlooked that resource indicators show only the statutorily prescribed amounts of expenditure allocations; but only the indicators of results will tell us the true extent of the payments actually received by households.

The indicator of resources based on the ratio of (statutory) theoretical minimum prescribed benefits to per capita national income shows that, up to 1983, all benefits increased at a faster rate than the rise in general living standards. This trend was reversed in 1984, the reversal continuing throughout 1985 (except for the guaranteed minimum wage). One of the main root causes of this is the government's austerity policy — in particular the freezing of the index-linked benefits scheme.

One final indicator of resources is based on the ratio of (statutory) theoretical

cal minimum prescribed benefits to the minimum subsistence requirements calculated by the Centre for Social Policy. Unlike the previous indicator, this offers not only a descriptive, but also an evaluation, measure; it enables a comparison to be made between the resources deployed for individual recipients (adjusted for the differing family situations) and a standard of efficiency, namely the minimum income considered necessary by the population.

With the exception of occupational pensions, minimum benefit levels remain insufficient to meet the basic needs of all households. Even comparing these minima with a more austere measure (75% of the minimum subsistence requirements) they remain inadequate, with the exception of occupational pensions and, to a lesser extent, occupational disability payments.

The main objective of this research is to construct the methodology for a system of social indicators which would allow a permanent or at least regular evaluation of the whole of social benefits actually received by households. This information constitutes an essential element for the planning of social policy. It would also be collected within the official framework of household budget surveys.

**Table 4: Number of households above the poverty line before and after receipt of social security benefits**

All households (%)	1976	1986
Households above the poverty line before social security payments	49	52
Households above the poverty line because of social security payments	27	27
Households below the poverty line despite social security payments	24	21

# Study abroad in the European Community: results of a recent evaluation<sup>1</sup>

**For pilot programmes to be of maximum value, they require careful evaluation. As the demand from universities for Community support for developing integrated student exchanges with partner universities in other EC countries grew, and as the need to launch a major new initiative to boost student mobility in the Community began to become increasingly apparent,<sup>2</sup> the Commission decided that the time was ripe to conduct a long-term in-depth evaluation of some of the cooperative models which had been developed for organized student exchange in the framework of the joint study programme grants scheme launched in 1976 pursuant to the education action programme of February that year.**

In order to achieve an international and comparative dimension in the evaluation, the Commission joined forces with other agencies, notably the German Federal Ministry of Education and Science and the German Academic Exchange Service, the Council for National Academic Awards (UK), the Swedish National Board of Universities and Colleges and the United States Information Agency, all of whom had a keen interest in having an evaluation carried out on schemes for organized study abroad which had evolved in their respective countries.

The investigation which resulted came to be known as the 'Study abroad evaluation project'. It is being coordinated by the European Institute of Education and Social Policy, part of the European Cultural Foundation (which itself provided initial funding to launch the evaluation exercise), with the help of researchers located in the five countries under review — France, Germany, the United Kingdom, Sweden and the USA.

In all, the evaluation spans 116 study abroad programmes offered by 49 higher education institutions in these countries, with a concentration on the fields of business studies, engineering, natural sciences, law and foreign languages. All of the programmes have certain characteristics in common:

- (i) they are conducted on the basis of negotiated arrangements between sending and receiving institutions;
- (ii) they display some degree of organizational infrastructure, whether orientation sessions on prospective host cultures, intensive foreign language training, or academic advisory services;
- (iii) they ensure integration of periods abroad within the participants' overall educational programme, although the manner in which this is accomplished may vary from one programme to the next;
- (iv) they facilitate regular, recurrent movement of students abroad, in contrast to one-off occurrences.

Many of the British, French and German programmes chosen for review, notably in business studies, also com-

prise a work placement in industry abroad.

Using questionnaire and interview techniques, the research has concentrated on three major areas of investigation: the organizational arrangements for study abroad, the educational and social profile of participants, and the impact of study abroad on the participating students.

Findings from the third of these areas will only become available in systematic form later this year when the results of the longitudinal survey have been fully assessed. However, interim findings from the project have informed the policy debate surrounding the initiation of the Erasmus programme, and now the Commission has just published a major report relating to the 38 study abroad programmes whose evaluation had been sponsored by the Commission in the framework of the overall project. Entitled 'Study abroad in the European Community',<sup>3</sup> this report addresses a number of issues of significance to the Community in the higher education sector. Some of the main findings are outlined below.

## *Financing of study abroad*

For various reasons calculations of the precise amounts of expenditure incurred on study abroad programmes is a complex and difficult matter, but it is clear that in many instances study abroad does involve costs over and above those normally incurred by a stay solely at the home institution.

<sup>1</sup> Dr S. Opper, Office for Cooperation in Education

<sup>2</sup> This need has now been met with the adoption of the European Community action scheme for the mobility of university students (Erasmus) — see article elsewhere in this present issue of *Social Europe*.

<sup>3</sup> Baron B., Smith, A. (ed.): *Study abroad in the European Community. An analysis of selected programmes for student exchange between higher education institutions in France, the Federal Republic of Germany and the United Kingdom*. Luxembourg: Office for Official Publications of the European Communities, 1987.

There are, of course, the extra travel (and often subsistence) costs to be met, and in none of the programmes under investigation could students avoid tapping private means for at least some of the study abroad expenses. Furthermore, students may have to pay higher fees abroad than those normally required at home, though it may be regarded as an organizational success of the programmes reviewed that, in most cases, arrangements have been made to overcome this problem, and certainly to avoid students' having to pay twice, both at home and abroad.

Patterns in funding study abroad parallel those normally encountered in financing studies at home, and practices vary from one country to the next. With particular respect to study abroad, French students assume a more substantial burden than their British and German counterparts, since essentially less publicly funded resources are available to them for covering the costs of the study abroad period. The French are thus heavily reliant upon private means of study loans, and as a consequence, a comparatively greater proportion of students in the French programmes exhibit slightly more affluent social backgrounds.

Programme costs in most cases are covered to a considerable degree by the home institution, although not always in the mode of freely disposable funds. Many indirect contributions are made, for example, via regular payment of salaries for staff who are only partially involved in study abroad programme operations. The true cost of programmes is therefore probably quite high. On average during the academic year 1983/84, nearly 75% of the amount allocated by the home institution for study abroad operations stemmed from State agency funds and less than 10% of the costs were met with European Community assistance. However, this assistance had often played a critical role in financing initial programme development, particularly staff travel during programme preparation.

Excluding students' travel and subsistence costs, the type of expenditure

most frequently cited among programmes is travel and subsistence for home institution staff, to maintain the intensive collaboration with host institution counterparts which, among other things, is considered to be so essential for securing academic recognition. Programme administration and language courses — costs of which are borne primarily by students' home institutions — together with initial programme development all tie for second place as most frequently cited expenditures. Student scholarship and academic staff travel, in that order, are viewed by directors as being the two aspects of finance which are most crucial to programme survival.

#### *Foreign language ability prior to departure:*

On average, the single most important objective for study abroad (according to programme directors) is to further participants' foreign language proficiency. At the same time, programme directors also remarked that study abroad participants usually have an above average command of foreign language, compared with others who study in the same field at the same home institution, but who do not go abroad.

This is certainly not contested by students themselves, when rating their foreign language proficiencies just prior to departure. For example, over 90% of the students were convinced they could use the language of the prospective host country to state and support with examples their positions on such controversial topics as nuclear safety; and over 75% required limited or no use of the dictionary while reading technical material in their academic or professional fields, in the host country language.

The careful selection into degree- and study abroad programmes appears to be a crucial factor contributing to this high level of foreign language proficiency prior to students' departure, but other aspects of programme design also appear to play a major part. Notably, foreign language training was mentioned more often than any other

form of preparation for study abroad. Nearly 75% of the programmes provide substantial training, either on a mandatory or an optional basis. Student attendance was reputed to be high, even in the optional foreign language courses.

This high motivation for language courses is clearly linked to the fact that for a substantial number of the students concerned, the study abroad opportunity in general, and the possibility to participate in their respective study abroad programmes in particular had been decisive factors in their original choice of their home institution and major field of study. The internationality of participants' family environments appears to be an important link as well: nearly half the students reported that members in their immediate family had lived abroad for lengthy periods of time.

#### *Academic recognition for study abroad*

Nearly 90% of the programmes studied automatically award credit for work carried out abroad. This remarkable feat has been accomplished despite substantial differences between content and structure of courses normally offered at each partner institution, and despite discrepancies in assessment and examination procedures practised on each side. In nearly 80% of the programmes, study abroad has never caused prolongation of students' overall studies in higher education.

In awarding academic credit, students' study and/or work placement abroad are usually viewed as a complete package. More often than not, the programme to be accomplished is largely specified in advance. Staff at the host institution assume major responsibility for monitoring, supervision and assessment of each visiting student's performance, while the home institution generally insists upon having the final say in granting recognition for the period abroad within the overall context of its students' respective degree programmes.

Rather than formalized recognition regulations, direct negotiation and close liaison 'from below', based on mutual trust and sound knowledge of the workings of each other's educational systems, had proven to be adequate — although by no means always easy — strategies for solving problems as they had arisen. In no case had a director felt that difficulties surrounding such matters seriously jeopardized continuation of the programme. There is in fact strong feeling among directors that they have broken new ground, even to the extent that double degrees, granted by both home and host institution, have been initiated within the framework of some of the study abroad programmes, an action which should have substantial re-

percussions upon students' potential occupational mobility within Europe.

*Study abroad participants' career prospects:*

For many programme directors, the jobs and high positions which many participants attain are among the most significant indicators of programme success. Many of them adduce examples suggesting that study abroad may, under present circumstances and all other things being equal, be the deciding factor when a choice is to be made between different candidates for a job.

Understandably, this may be more pronounced when periods abroad are arranged to help fulfil the objectives of a degree programme which itself is internationally oriented. To illustrate with the case of a degree programme in engineering: '... It is intended that the programme be European oriented and of a high scientific level. It should develop a maximum of intellectual and methodological flexibility, as well as the ability to understand, adapt, and work with cultural differences positively. It is anticipated that the knowledge of what each country has to offer both scientifically and culturally will be used in personal career development at the one end, and European development at the other'.

# Educational and vocational guidance services for the 14–25 age-group in the European Community<sup>1</sup>

A study has recently been completed for the Commission of the European Communities to examine the state of educational and vocational guidance services in the European Community, and to recommend how the Commission might best support the future development of such services. The study differed from earlier similar studies in concentrating mainly on the 14–25 age-group, and its special concern for two particular issues: the changing role of professional guidance services, and the linkages between different services.

The methodology was designed to offer the maximum opportunity for identifying comparisons and common trends. Each of the three authors prepared a study on their own country; they also took responsibility for commissioning country studies from independent national correspondents within each of the other Member States and for conducting a short study-visit to the country concerned. This way of working enabled them to gain an indigenous perspective from each country, without sacrificing the need to develop and maintain a common 'frame' for their work.

The present article outlines the main conclusions from the report. It covers 10 Member States (Portugal and Spain joined the Community after the commencement of the study, and are to be covered in a supplementary project).

The full synthesis report is being published in a special supplement to *Social Europe*; the 10 country reports are available in the Commission's Public Document series.

## *The policy background*

Educational and vocational guidance services have a key role to play in any advanced society, both in fostering efficiency in the allocation and use of human resources, and in fostering social equity in access to educational and vocational opportunities. They have a particularly important function in reconciling these roles with the value attached in democratic societies to the rights of individuals to make free choices about their own lives.

The need for such services is well recognized in all the Member States. Pressures on the services have however grown in recent years as a result of efforts to contain the growth of public expenditure. At the same time, increased demands have been made on the services as a result of the growth of youth unemployment and the massive changes in the youth labour market. Whereas in the past guidance services have tended to be concentrated on relatively narrow transition points, they are now being expected to encompass a process extending over many years and crossing a wide variety of agencies and institutions. Along with other developments — for instance, the increasing scope for harnessing technological aids in guidance — this is producing a major need to re-evaluate the structures through which guidance is offered.

## *Differences between Member States*

The current structure of guidance services varies between Member States in a number of respects:

- In the location of the services: the extent to which they are based within educational institutions, in separate agencies, and in official labour-market organizations.
- In the focus of the services: the extent to which they are concerned with educational guidance, with vocational guidance, and with personal and social guidance.
- In the range of their guidance activities: the extent to which they are con-

cerned with information, with assessment, with advice, with counselling, with careers education, and with placement.

- In the financing of the services: the extent to which they are funded by central government, by regional or local authorities, or privately.

There are also wide differences between Member States in the patterns of training and staff development for guidance staff. This is partly due to the differences between the professional identity of those occupying guidance roles: in some cases they are defined basically as psychologists, in some as teachers, in some as labour-market administrators, and in some as guidance specialists.

As far as schools are concerned, the place of guidance depends in part on the nature and rigidity of the structures through which students are separated into different tracks. Beyond school, guidance services sometimes exist for particular groups — notably those who go on to tertiary education. But young people who have left full-time education are largely dependent on the adult guidance services offered by, in particular, labour-market organizations. These tend to be limited in scale. A number of initiatives have accordingly been set up recently to cater for young adults, particularly those at risk of unemployment. These include the establishment of the *missions locales* and other 'reception structures' in France, and the extension in Denmark of the role of teacher-counsellors in schools to follow up young people after they have left school. Other initiatives include the setting-up of short courses designed specifically for guidance purposes, and the establishment of youth information centres. None the less, the extent of guidance provision for young people who have left the education system is still recognized in most countries as being inadequate.

<sup>1</sup> A. G. Watts: National Institute for Careers Education and Counselling, United Kingdom  
Colette Dartois: Agence nationale pour le développement de l'éducation permanente, France  
Peter Plant: Royal Danish Academy of Educational Studies, Denmark



**Key trends**

In spite of the differences between Member States, three key trends can be identified which have a general, if not universal, validity. The first is that educational and vocational guidance is increasingly being seen as a continuous process, which:

- Should start early in schools.
- Should continue through the now often extended period of transition to adult and working life.
- Should then be accessible throughout adult and working life.

As far as schools are concerned:

- Guidance is more and more being seen not as an adjunct to schools but as an integral part of the educational process.
- This is resulting in the growth of specialist guidance roles within the schools.
- It is also producing a recognition of the need to involve all teachers in guidance to some extent, and to develop ways of supporting them in their guidance roles.
- Guidance elements are increasingly being built into the curriculum, in the form of careers education programmes, work-experience programmes, etc.
- Where external agencies work into schools, their role is now more and more viewed as that of a partner or consultant to the guidance services within the school itself.

Similar developments are taking place to some degree in tertiary education and in the new transition programmes which have been set up in most Member States as a response to youth unemployment. The extended period of transition which many young people experience has been accompanied by a growing recognition of the place of work in learning and of learning in work. The result has been the development of new extended transition models, in which guidance is seen as playing an integral and crucial part

(Figure 1). Since, however, a range of different guidance agencies are often involved in this process, there is increasing concern with finding ways of achieving effective linkages between them, so that continuity of support is provided to young people. This is associated in some cases with a growing recognition of the need for improved provision of guidance services for adults, so that those who subsequently wish or are forced to review their career and change direction can be helped to do so.

The second key trend is the move towards a more open professional model, in which the concept of an expert guidance specialist working with individual clients in what sometimes appears to be a psychological vacuum is replaced, or at least supplemented, by a more diffuse approach in which:

- A more varied range of interventions is used. These may include:
  - (i) Guidance elements within the curriculum of education and training programmes.
  - (ii) Group-work alongside one-to-one work.
  - (iii) Use of computers and other media.
- More attention is given to working with and through networks of other individuals and agencies. This may involve:
  - (i) Supporting 'first-in-line' teachers, supervisors, etc. in their guidance roles.

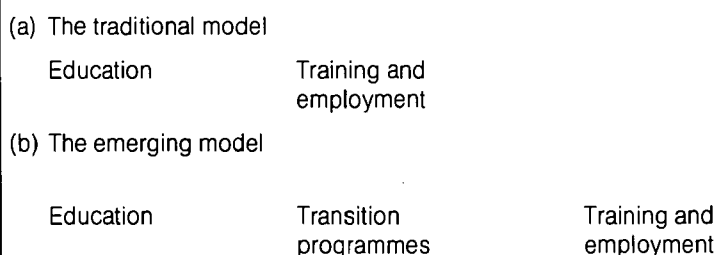
- (ii) Involving parents and other members of the community as resources in the guidance process.
- (iii) Working with 'opportunity providers' to improve the opportunities available to young people.

Such a model offers the prospect of being a more cost-effective approach to guidance, as well as being based more closely on the ways in which choices actually tend to be made in practice.

The third and final trend, closely linked to the other two, is towards a greater emphasis on the individual as an active agent, rather than as a passive recipient, within the guidance process. This can be seen in, for example:

- The growth of programmes of careers education, work experience, etc. designed to provide young people with a range of skills, attitudes, knowledge and experiences which will help them in making their own career decisions.
- The growth of interest in counselling as opposed to advice-giving.
- The reduced emphasis on psychometric testing, and the increased interest in encouraging self-assessment rather than 'expert' assessment.
- The development of self-help approaches in occupational information centres and in computer-aided guidance systems.
- The interest in 'education for enterprise' as a way of developing young people's self reliance and initiative.

**Figure 1: Changing models of transition**



- The participation of young people in the preparation of information booklets and in running youth information centres.

The individual young person is thus now increasingly seen as the active centre of the guidance process, with the guidance specialist being available partly as a specialist referral point and partly as a means of activating other resources for young people to draw upon.

### *Recommendations*

In the light of these trends, it is recommended that the Commission should encourage the Member States to take whatever further steps are needed to ensure:

- (a) That educational and vocational guidance services are available to all young people as and when they need them.
- (b) That schools and other education and training institutions integrate guidance effectively into their curriculum and activities.
- (c) That continuity of guidance is provided to cover the extended period of transition to adult and working life.

- (d) That guidance continues to be accessible throughout adult and working life.
- (e) That in all guidance services, a coordinated range of guidance interventions is developed to make the most effective use of resources in meeting the client's needs.
- (f) That effective links are developed between formal and informal guidance providers.
- (g) That young people are involved as actively as possible in the guidance process.
- (h) That initial and in-service training is provided for guidance practitioners to improve the quality of their services and to help them in developing new approaches and techniques.
- (i) That mechanisms are established for coordinating and monitoring the provision of guidance services to young people on a continuing basis.

Five specific recommendations are made to the Commission:

1. That every two years, a high-level policy conference should be held to review progress on the attainment of the objectives outlined above, to examine and disseminate information on relevant innovative develop-

ments, and to prepare a report on progress which should be submitted to the Commission.

2. That the objectives should be incorporated as guidelines in any further action programmes which the Commission may set up in the fields of education and training and of transition to adult and working life.
3. That visits and exchange schemes should be extended to enable guidance practitioners to learn from developments in other Member States.
4. That cooperative projects should be encouraged and supported on themes, related to the objectives, which are of interest to two or more Member States.
5. That encouragement should be given to networks of guidance practitioners, researchers and policy-makers on a Community-wide basis.

The Commission is asked to establish appropriate administrative mechanisms to service and prepare reports for the high-level conference proposed in recommendation 1, to support where appropriate the implementation of the other recommendations, and to ensure that these various developments are carefully coordinated and monitored at Community level.

# Educating the children of gypsies and travelling people

**Following the European Parliament's resolution (OJ C 104, 16. 4. 1984, p. 144) on education for the children of parents with no fixed abode, the Commission mounted a study on the current educational position of the children of gypsies and travelling people in the Community.<sup>1</sup>**

Found in all Member States, gypsies established their presence throughout Europe between the 12th and 16th centuries. Their culture and language, therefore, have formed a part of the Community's cultural and linguistic heritage for something approaching five hundred years. There are at least one million gypsies and travelling people scattered throughout Community countries — half of them children under 16. 70% of itinerants aged 30 and over are illiterate. Less than half the children of compulsory school age are registered at a school, and only 40% of those who attend regularly; barely 3% ever get as far as lower secondary education.

Among the root causes of this troubling situation are the 'discriminatory' policies applied to travelling people by the majority of Member States.

The exclusionary and enforced integration policies of past eras have left deep scars, evidenced in the rejection of travellers by the non-gypsy population and strict controls over the movements of itinerants. Albeit nationals of Member States, neither gypsies nor travelling people generally enjoy, in practice, the same rights and freedoms as their fellow citizens. The position of Stateless gypsies is among the most confused of all.

Well-meaning as they may have been, policies to assimilate gypsies and itinerants into the community simply served to further tighten existing regulations — sometimes at the expense of constitutional rights. Heedless of cultural diversity, such policies aimed simply to suppress differences, which were perceived as examples of marginal or socially maladjusted behaviour. Recent, sometimes overwhelming, social assistance tends to smother rather than stimulate the social and cultural energies of the gypsy population.

When the Community introduced the principle of freedom of movement for people and services, the economic functions of the itinerant life of gypsies were not understood. As in the past, travelling people, bound by administrative and policing constraints within and without their countries, find themselves ex-

cluded from many areas of occupational life or relegated to dead-end jobs.

As an inevitable consequence of the poor living and housing conditions of those constantly on the move, gypsies generally have an appalling state of health. Only a minute percentage (2% in Italy) live past the age of 60; infant mortality is three times that of the population as a whole. The most frequent diseases are respiratory tract infections, lice infestation and gastroenteritis. Red tape makes access to health care and preventive medicine hazardous at best. Medical treatment tends to be confined to emergencies and serious illnesses.

A good many of the factors by which their economic and social situation is determined could easily be changed, such as, for example, by the provision of suitable gypsy encampment sites near shops and industries, the provision of proper workshops and facilities on encampment sites, financial and technical assistance for those with genuine craft skills and traders, access to health care.

Educating the children of gypsies and travelling people raises its own problems. Schools have been, and still are, used as an instrument of assimilation or standardization. It should not be surprising, then, that many gypsy families reject an institution whose avowed aim is the destruction of their cultural identity.

As his/her parents live on the margins of society, so the gypsy child lives on the margins of school. In this respect, the report paints a picture of unrelieved gloom. The most common attitude adopted by schools is rejection in a variety of subtle and not so subtle

<sup>1</sup> The survey comprises nine individual studies (from Belgium/Luxembourg, Denmark, the Federal Republic of Germany, France, Greece, Ireland, Italy, the Netherlands and the United Kingdom), and a summary report. The British and Italian studies are in the course of publication. The summary report has been published by the Commission in the 'Documents' series with the title 'La scolarisation des enfants tsiganes et voyageurs', J. P. Liégeois, Office for Official Publications of the European Communities, Luxembourg, 1986. It is currently being translated into German, English, Spanish and Italian.

ways: a simple refusal for lack of places, expulsions for bad behaviour, unacceptable dress or inadequate hygiene, refusals on administrative grounds (lack of documents which they can never hope to get), shunting off into special schools for slow learners, rejection by peer groups with biased attitudes based on malicious stereotypes, and a frequent refusal of resources or administrative support for classroom teachers endeavouring to adapt their teaching to the unmet needs of gypsy and travelling children.

But even where teachers and education authorities are committed to rectifying what can only be described as a scandal, the teaching resources and administrative structures they have to work with are not fitted to the task.

School textbooks and teaching aids reflect a world unfamiliar, if not down-

right hostile, to the gypsy child. Administrative machinery capable of accommodating the constant travelling of gypsy and itinerant children is all but non-existent.

Among the constructive aspects advanced by the report, perhaps the greatest emphasis should be placed on the gypsy family's own educational processes. As the basic unit of social, cultural and economic life, the family controls the learning process of its children and teenagers. Any innovation in methods and structures must necessarily therefore make due allowance for that fact and gain acceptance and cooperation from the families. The report advances proposals for establishing consultations with itinerant families, concluding with a series of recommendations and advocating ways in which the current situation can be improved.

The underlying multi-cultural design of the educational programmes supported by the Council of Europe and tried out by the European Commission has enabled the children of gypsies and travelling communities to take part in school life while making optimum use of their own cultural contribution and capabilities.

An initial exchange of views between senior Ministry of Education officials from the Member States and representatives of gypsy and travelling communities was held in July 1987 at the Commission's request. The basic documentation produced will be used as a basis for recommendations to the Member States and Commission, and to devise guidelines for an education policy which pays equal regard to the culture and lifestyle of gypsies and travellers as to that of any other citizen.

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# **Part Three**

## **Recent developments**



# Employment policy in the Member States

In response to the wish expressed by Member States delegations in the Council to receive information on developments in national employment policies, the Commission set up a mutual information system called Misep. The system operates on the basis of contributions from correspondents in public administrations or organizations and a Commission representative.

It provides the relevant authorities in each Member State with regular quarterly information on measures and trends in the employment policies conducted in the other Member States.

*Social Europe* presents a selection of the information exchanged through Misep in each issue. The Commission accepts no responsibility for the use of this information, which comes from official national sources. It is presented as a summary, on a regular basis to enlighten the reader on the evolution of various aspects linked to national employment policies.

## Developments at a glance

### Overall developments

- |                          |          |                         |
|--------------------------|----------|-------------------------|
| <input type="checkbox"/> | Denmark  | Labour market strategy  |
| <input type="checkbox"/> | France   | Dismissal procedures    |
| <input type="checkbox"/> | Italy    | Mechanisms restructured |
| <input type="checkbox"/> | Portugal | Income policy           |

### Aid to the unemployed

- |                          |                 |   |
|--------------------------|-----------------|---|
| <input type="checkbox"/> | Belgium         | CST   |
| <input type="checkbox"/> | Germany         | Extending unemployment benefits                 |
| <input type="checkbox"/> | Spain           | Extending unemployment assistance<br>New groups |
| <input type="checkbox"/> | France          | Conversion agreements                           |
| <input type="checkbox"/> | The Netherlands | Social security reform                          |
| <input type="checkbox"/> | United Kingdom  | New help  |

### Training

- |                          |                 |            |
|--------------------------|-----------------|------------|
| <input type="checkbox"/> | The Netherlands | New scheme |
|--------------------------|-----------------|------------|

### Job creation

- |                          |          |   |
|--------------------------|----------|---|
| <input type="checkbox"/> | Belgium  | Contribution exemptions<br><i>Contractuels</i><br>TCT temporary workers |
| <input type="checkbox"/> | Greece   | Self-employment scheme<br>1987 programme                                |
| <input type="checkbox"/> | Portugal | Promoting ex-trainees' self-employment                                  |

### Special categories of workers

- |                          |                 |                    |
|--------------------------|-----------------|--------------------|
| <input type="checkbox"/> | France          | 1987 LTU programme |
| <input type="checkbox"/> | Ireland         | Job search scheme  |
| <input type="checkbox"/> | The Netherlands | JWG                |
| <input type="checkbox"/> | United Kingdom  | Restart evaluated  |

### Working time

- |                          |                 |                       |
|--------------------------|-----------------|-----------------------|
| <input type="checkbox"/> | The Netherlands | Women's working hours |
|--------------------------|-----------------|-----------------------|

### Placement

- |                          |          |                                    |
|--------------------------|----------|------------------------------------|
| <input type="checkbox"/> | Germany  | Computerizing jobs sought<br>Sedoc |
| <input type="checkbox"/> | France   | ANPE regulation                    |
| <input type="checkbox"/> | Portugal | Agencies' computerization          |

### Miscellaneous

- |                          |                 |                                |
|--------------------------|-----------------|--------------------------------|
| <input type="checkbox"/> | Ireland         | Legislation's impact           |
| <input type="checkbox"/> | The Netherlands | Compiling unemployment figures |

# Overall developments

## Denmark: Offensive labour market policy strategy

In a statement to the Danish Parliament in November 1986, the Minister for Labour introduced an offensive labour market policy which aims at solving both the short-term and the long-term adaptation problems on the labour market.

An effective labour market policy needs to be effective both in the short and in the longer perspective. The adaptation problems currently being experienced show up in the form of bottlenecks on the labour market. Initiatives have already been taken to tackle these bottlenecks. Efforts concentrate on both improved surveillance of the labour market and intensified placement and guidance efforts by the public employment service. Furthermore, greater resources have been devoted to vocational training in occupational fields facing bottlenecks.

The function of labour market policy is both to help provide proper conditions of employment for employees and the type of labour required by enterprises and to ensure — as an element of the general economic policy — a balanced economy, internal and external, and continued economic growth.

The offensive labour market policy will in future focus on the following main themes:

- (i) A significant improvement of the surveillance of the labour market. This is the prerequisite of prompt and specifically targeted initiatives to tackle problems existing on the labour market.
- (ii) Effective placement activities. These ensure matching labour supply and demand rapidly and effectively.
- (iii) Coherent and specifically targeted guidance activities. These will enhance the foundations for choosing education and employment.
- (iv) Education/training measures. These will ensure that the skills of the labour force are attuned to the needs of enterprises.

- (v) Reform of specific measures to satisfy the needs of particularly disadvantaged groups and those of enterprises. This applies in particular to the eldest of the youth generation who have not yet gained a foothold on the labour market and to the long-term unemployed women who are shouldering an increasing share of the unemployment burden.

## France: New procedures for dismissals

The law of 30 December 1986 concerning dismissal procedures completes the law of 3 July 1986 which only partially abolished the procedure for prior official authorization when declaring redundancies.

The new law was preceded by an agreement between the social partners. It takes up, in the main, the arrangement laid down in this agreement for redundancy procedures. But it also modifies the procedure for individual dismissals.

### 1. Procedure for individual dismissal

This procedure has been modified on two points:

- (i) From now on, before any dismissal (individual or collective or for economic reasons — redundancy) can take place, the person in question has to be called to an interview by registered mail or by personally handing over the letter, with the exception of redundancies of more than 10 people in a period of 30 days.
- (ii) The employer is required to state in writing the reasons for the dismissal. This must be either in the letter giving notice of dismissal (for redundancies and disciplinary dismissals) or at the written request of the employee in other cases (one-sided modification on the contract refused by the employee, etc.).

### 2. Redundancy procedures

The new law distinguishes three cases:

### 2.1 Individual redundancy.

In these cases, other than the matters outlined above, the procedure has to include informing the competent public authorities of the dismissal made. This is thus a matter of providing information subsequent to the event, in an as yet unspecified period.

### 2.2 Dismissal of 2 to 9 employees in a period of 30 days.

In these cases, in addition to the matters set out under 1, the law lays down that the enterprise must inform and consult the *comité d'entreprise* (works council) or the staff representatives on the proposed reduction in numbers and the implementing provisions. The nature of the information which the enterprise must disclose is described in the law. The enterprise must also inform the competent public authorities of the declared dismissals.

### 2.3 Dismissal of 10 or more employees in a period of 30 days.

The employer must:

- (i) Inform and consult the *comité d'entreprise* or, in its absence, the staff representatives on proposed redundancies and measures envisaged to avoid dismissals or limit their number and to facilitate the redeployment of employees made redundant.

The employer must furthermore study and, within the time span spelt out below, give a substantiated response to the suggestions put forward by the *comité d'entreprise*.

Should the dismissal be within an enterprise employing at least 50 persons, the *comité d'entreprise* must hold two meetings separated by an interval of at most 7 days if the dismissal concerns less than 100 employees, 14 days if it concerns between 100 and 250, and 21 days if it concerns more than 250. Collective agreements can extend these intervals.





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- (ii) Notify the competent public authorities of the proposed dismissal at the earliest the day after the date foreseen for the first meeting of the staff representatives.

The authorities check that the staff representatives have been informed, brought together and consulted, that the regulations for drafting the social measures envisaged to reduce the number of dismissals and facilitate the redeployment of the persons dismissed have been respected and that the measures will be implemented.

The public authorities have to make these checks within 14 days when the number of dismissals is less than 100, 21

days when it is between 100 and 250, and 30 days when it is equal to or more than 250.

When the public authorities uncover something irregular in the procedure, they send written notice to the employer setting out the nature of the irregularity, a copy of which is sent to the staff representatives. The employer is bound to reply and to send copy of his reply to the staff representatives.

Should the employer be late in replying, the time period foreseen for notifying the persons concerned of their dismissal (see below) is extended until the date of sending this reply.

- (iii) Notify the employees concerned of their dismissal within

a time period starting from the moment of notifying the public authorities which cannot be less than 30 days when the number of dismissals is less than 100, 45 days when the number is between 100 and 250, and 60 days when it is at least equal to 250. These periods can be extended by collective agreement.

When a collective agreement is concluded on dismissal conditions within the enterprise, the public authorities can reduce the period of notifying the employees.

- (iv) From now on the labour courts (*conseils de Prud'hommes*) settle matters in dispute on redundancies, as well as individual and collective dismissals.

**Italy: Regulations on the organization of the labour market**

Within the framework of a wide-ranging renewal of the labour market mechanisms, Law No 56 of 28 February 1987 introduces new legislation on the organization of the labour market.

Its most significant innovations concern:

- (i) the establishment of district employment commissions and district labour offices;
- (ii) a new structure of and tasks for the regional employment commissions;
- (iii) the setting up of labour market observatories;
- (iv) a new classification of workers registered on the placement lists;
- (v) new provisions pertaining to fixed term contracts and to apprenticeships; and
- (vi) the creation in every region of employment agencies which are technical planning bodies for implementing manpower policies aimed at fostering and stimulating employment.

**Portugal: Income policy 1987**

A recommendation concerning income policy for 1987 and its employment repercussions has been adopted within the setting of the policy of social dialogue. This field is covered by the Standing Council on Social Concertation, the tri-partite advisory body to the Council of Ministers (see iM 14).

The recommendation lays down guidelines aimed at ensuring both the modernization of the economy and employment growth. It mentions three factors which have to be considered as regards wage increases: the forecast rate of inflation, productivity and corporate competitiveness.

Taking account of the forecast rate of inflation, the government has set the following limits:

- (i) 8-9% annual average for 1987;
- (ii) 4-6% annual average for 1988.

The Standing Council on Social Concertation has set the rate of inflation to be used as a reference in collective bargaining on 1987 wages and salaries: 9% for the first quarter and 8% for the second. It is waiting for the real rate of inflation in 1986 to be confirmed.

With this as the background, recommendations are also made for the overall guidelines for income policy, the need to ensure real improvements in the living conditions of the Portuguese, the need to enhance growth of investments and employment, not forgetting to raise the level of the lowest incomes both for workers and pensioners.

**Aid to the unemployed**

**Belgium: CST reform**

Regulations concerning the CST, special temporary scheme (Cadre spécial temporaire) have been significantly modified by the coming into force on 1 January 1987 of Royal Decree No 472 of 28 October 1986 and the Royal Decree of 29 October 1986 (MB of 20 November 1986).

1. A first change concerns the area covered by the scheme. The previous regulations stipulated that the State, the two linguistic communities, the regions and their dependent public interest bodies could not take on CST workers. Following the system of grant-aided *contractuels* (public contract workers, see article), this exclusion has been extended so that now virtually the whole of the public sector is excluded from the CST system. As previously, there are still exemptions: some projects of the Ministries of Education and of the National Employment Office (ONEM) as

well as those of the parish councils or the polders and drainage-systems are still accepted as CST projects. As regards the private sector, the CST system remains applicable for non-profit-making persons' associations, both those having legal and those not having legal capacity.

2. Previously, CST projects were accepted for a year at most with the possibility of prolonging them for a maximum of 12 months. Henceforth it will be possible to accept from the very beginning CST projects for a maximum two-year duration.

However, should the worker taken on for carrying out a project be employed by a fixed term contract, the term cannot be longer than one year. This time limit is to enable the competent authority to intervene in cases where it would appear that the duration of the project originally foreseen would be too long.

3. To enable a greater number of job-seekers to find a job via the CST, workers who had already been working on a project for two years on 1 January 1987 will no longer be able to be taken on as a CST worker. Exceptions are made for CSTs working in teaching, scientific research and vocational training of ONEM.
4. The most significant alteration concerns State intervention in the wage costs of the unemployed taken on in a CST project.

Previously, this intervention amounted to 100% of the pay and relevant social contributions for the first 12 months. Yet the sponsors of new projects have, from 1 July 1986, had to cover 10% of the wages.

For the period exceeding 12 months, the sponsor remains required to intervene for 25%, as was the case under the previous ruling.

There can, however, be partial or total exemption from payment for the first year. To obtain this, the sponsor must be able to prove that he does not have the means enabling him to pay his share and his project must

be of social utility or be targeted at a particularly hard-hit group. A ministerial decree of 31 December 1986 (MB of 21 January 1987) defines what is understood by such activities.

5. Finally, some alterations in the procedure have been brought about. Such provisions aim either at doing away with some formalities which, over time, had lost their significance or to simplify and accelerate approval and implementation of projects.

The duration of the CST system which is still considered a temporary scheme, has been extended until 30 June 1990.

### Germany: Extending unemployment benefit

The Federal Government has adopted a bill to extend the duration of insurance based compensation for unemployment and short-time working.

The bill foresees that the social security function of unemployment insurance should be strengthened by two improvements which should become operational from 1 July 1987:

1. The ratio of the period of contributory employment during the last seven years to the duration of entitlement to unemployment benefit is being re-

duced from 3:1 to 2:1. This means for instance:

- (i) After satisfying the qualifying period (i.e. the minimum time of employment) of 12 months, the basic claim to unemployment benefit will henceforth be raised, from the previous 4, to 6 months.
- (ii) An unemployed person is entitled to claim unemployment benefit for the duration of 12 months after contributory employment of 24 months instead of 36 months, as previously.

This will particularly benefit younger employees if they be-



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come unemployed after shorter periods of employment.

2. For the unemployed who have completed their 42nd year, the maximum period of entitlement will progressively be extended according to the age of the claimant and the length of contributory employment during the preceding seven years:

- (i) for those 42 years old: from 12 to a maximum of 18 months
- (ii) for those 44 years old: from 16 to a maximum of 22 months
- (iii) for those 49 years old: from 20 to a maximum of 26 months
- (iv) for those 54 years old: from 24 to a maximum of 32 months.

Extending the duration of entitlement should also benefit those who are unemployed when the law comes into force and whose entitlement does not run out the last days before the new regulation becomes operational. For these persons the duration of entitlement will be extended at a flat rate according to their age at the moment the law comes into force and to the previously acquired duration of entitlement.

Furthermore, the period for which short-time allowances can be claimed by steel companies will be extended to 36 months maximum for the years 1987 to 1989. These companies have production reductions imposed on them by decision of the European Coal and Steel Community.

The extension of insurance protection against unemployment is based essentially on the following considerations:

Due to the increase in the average duration of unemployment since the beginning of the 1980s, there has been a significant drop in the percentage of those drawing unemployment benefit in the overall number of those receiving allowances to meet the loss of income due to unemployment. More unemployed persons have exhausted their entitlement to unemployment benefit and then have to depend on unemployment assistance, which is lower and means-tested.

The extensions from 12 to 24 months of the maximum duration of entitlement to unemployment benefit for older unemployed persons, operated in 1984 and 1985, have stabilized, but not again increased, the percentage of those drawing unemployment benefit in the total number of those receiving allowances to meet the loss of income due to unemployment. In 1986 43% of those in receipt of allowances depended on unemployment assistance, whereas the figure in 1981 was only 20%.

The bill seeks to use the financial scope resulting from the favourable unemployment insurance situation to permanently strengthen the social security function of unemployed insurance.

### **Spain: Extension of unemployment assistance**

Royal Decree 2394/86 of 14 November 1986 provides for allowances under the unemployment assistance scheme to be temporarily and by way of exception extended to certain groups of the long-term unemployed.

In Spain there are two systems of protection against unemployment: the contributory scheme and the assistance scheme. Under the contributory scheme, the duration of benefit depends on the periods of contributory employment preceding unemployment, and the rate of benefit depends on the contribution basis (i.e. the average contributory wage during the last six months of employment). Under the assistance scheme the rate of unemployment assistance is fixed at 75% of the national minimum wage (SMI). It is paid per six-month periods for a maximum of 18 months. The assistance scheme provides for persons who have exhausted their entitlement to unemployment benefit under the contributory scheme and those who are not entitled to unemployment benefit because of insufficient periods of contributory employment, provided that they have insufficient income or are in other situations of need.

The persistence of unemployment and the difficult financial situation of var-

ious groups of unemployed led the government to extend, exceptionally, the duration of payment of unemployment assistance to the following groups:

- (i) workers who had exhausted their entitlement to unemployment assistance before 30 September 1986 while they were still unemployed;
- (ii) workers who, at the time the new Unemployment Benefits Act came into force (August 1984), had not exercised the right to an extension of unemployment assistance and were still registered as unemployed;
- (iii) first-time jobseekers with family responsibilities whose income is insufficient and who had been registered as unemployed for at least one year on 30 September 1986.

Workers in the second group receive benefits for as long as they would have been allowed had they asked for a prolongation at the time in question. The other two groups receive benefits for a period of six months.

It is estimated that more than 215 000 unemployed persons will be able to benefit from this temporary extension.

The decree has three main thrusts:

- (i) it focuses on the serious problem of long-term unemployment;
- (ii) it extends the scope of unemployment protection for the first time to the unemployed who have never had a job;
- (iii) it gives right of access to the benefit system and to positive actions in the fight against unemployment through vocational training and redeployment programmes.

This last point is borne out by the fact that those workers who have unjustifiably refused to take part in a vocational training programme of the National Plan for Vocational Training and Integration, or refused a reasonable job offer or an opportunity to take part in some sort of community work in the context of agreements between INEM and the public authorities will be excluded from the extended periods of payment of unemployment assistance.

## Spain: New groups for unemployment benefit and agricultural assistance

Royal Decree 2622/1986 (24. 12. 1986) enables new groups to receive unemployment benefits: professional football players, commercial travellers, toreros and others who had just previously been integrated into the general social security system. The same decree also improves the protection of artists against unemployment. These groups have some idiosyncrasies which are taken account of in the regulation by differences in the duration and reference basis for calculating the rate of benefit.

A further royal decree (April 1987) extends unemployment protection to casual occupational groups linked to the armed forces by a temporary agreement. By this decree their situation is equated with that of other casual employment contracts in public administrations which were included in the unemployment protection system in 1985.

Furthermore, two modifications were brought in for 1987 to the previous regulations concerning the unemployment protection system of agricultural workers covering only casual workers in the rural areas of Andalusia and Extremadura (their concentration in 1986 being respectively 83% and 17.6% of beneficiaries). Royal Decree 2697/86 (30. 12. 1986) increases from 10 to 20 the minimum number of days needed to be worked to be entitled to agricultural assistance. It furthermore specifies that to make up this minimum figure, account can be taken of the number of days subject to contribution to the general system of social security, the upper limit being the number of days actually contributed to the special agricultural system. Subsequently Royal Decree 186/87 (6. 2. 1987) laid down as an exception for 1987 that all days subject to contribution to the general system of social security in the context of work carried out under the rural employment plan during the 12 months preceding unemployment can also be counted towards the minimum of 20 days.

According to the regulation the maximum duration of payment of the assistance will be:

- (i) 80 days for workers who have contributed for at least 60 days;
- (ii) equal to three times the number of days of contributory employment where there are from 34 and 59 days; and
- (iii) 100 days when there are between 20 and 33 days of contributory employment.

In 1986 the average monthly number of beneficiaries of the special agricultural assistance was 232 066 workers, representing a 26% increase over the previous year. Expenditure was some PTA 58 000 million compared with some PTA 45 000 million in 1985. 83% of the beneficiaries were entitled to the maximum duration of assistance.

## France: Conversion agreements

The law of 30 December 1986 modifying dismissal procedures includes one part bringing in a new scheme for the conversion agreement of the National Employment Fund (FNE) which also corresponds to taking up on the legal level an agreement between the social partners.

The scheme is applicable for redundancies:

- (i) of less than 10 employees in a period of 30 days, irrespective of the size of the enterprise;
- (ii) of 10 or more employees in enterprises employing less than 50 persons or in those employing at least 50 persons but where there is no *comité d'entreprise* (works council).

It is optional for dismissals of 10 employees or more in a period of 30 days in enterprises employing at least 50 persons where there is a *comité d'entreprise*. In this case, conversion agreements are one of a range of possible measures which can feature in the social plan accompanying dismissals

which has to be submitted to the *comité d'entreprise* for examination.

The employment contract of an employee who takes up a conversion agreement is broken as a result of a joint agreement between the parties. This rupture opens the right to being paid:

- (i) an allowance, the amount and fiscal and social system of which are those of the statutory or collectively agreed upon dismissal allowance (severance pay) which is exempt from social and fiscal charges. It is calculated on the basis of the length of service the employee would have had, had he completed his period of notice;
- (ii) the balance of what the compensation in lieu of notice would have been were the notice to have been more than two months.

The person under a conversion contract can draw on conversion activities for a period of five months which are jointly financed by the employers, the *Assedic* (the jointly run unemployment insurance funds) and the State as follows:

- (i) by enterprises having more than 10 employees: participation in financing operational expenses relating to these actions, to be deducted from the compulsory expenses for vocational training. Participation in these expenses which would have been due for enterprises with less than 11 employees is taken over by the State.
- (ii) by all enterprises through contributing to the financing of conversion allowances paid to the employees, corresponding to two months of the notice which the employee would have received.
- (iii) for the remaining part, by the unemployment insurance system (*Assedic*).

Social protection of employees having a conversion contract is provided under the same conditions as for other employees.

**The Netherlands: Reform of the social security system**

Far-reaching revisions have been made to the social security system, which have come into effect on 1 January 1987. The major changes are in the insurance of employees against loss of income in the event of unemployment and disability.

**Unemployment**

A New Unemployment Insurance Act (NWW) has superseded the previous Unemployment Insurance Act (WW) and the Unemployment Provisions Act (WWV). It covers all employed persons, except civil servants whose previous scheme remains in force for the time being.

The main difference between the two former acts and the NWW lies in the duration of benefit payments. Under the NWW, benefit at 70% of the last wage (up to a ceiling) is given for between six months and five years according to the claimant's length of service/employment before unemployment and his/her age (see Table 1).

When this entitlement is exhausted, a claimant will receive subsequent benefit (still under the NWW) at 70% of the statutory minimum wage (see Table 2) for a further year, irrespective of the income of the unemployed person's partner.

In the event of continuing unemployment, a claim under the National Assistance Act can be made to subsistence benefit or RWW benefit both of which are at the level of the minimum social income (see Table 3). The difference between subsistence benefit and RWW is that the former is granted to everyone who has no, or insufficient, income, whereas RWW recipients must necessarily be registered jobseekers — even first time jobseekers over the age of 18. Both benefits take account of the claimant's and his partner's income and/or property.

The system outlined above does not apply to persons who are at least 50 years of age at the moment of becoming unemployed. On expiry of the NWW pe-

**Table 1 NWW benefit**

Length of service/employment	26 weeks employment during the 12 months preceding unemployment	3 years employment during the 5 years preceding unemployment	Entitlement to a total duration of benefit payments of:
3— 5 yrs	1/2 year	0 year	1/2 year
5—10 yrs	1/2 year	1/4 year	3/4 year
10—15 yrs	1/2 year	1/2 year	1 year
15—20 yrs	1/2 year	1 year	1 1/2 years
20—25 yrs	1/2 year	1 1/2 years	2 years
25—30 yrs	1/2 year	2 years	2 1/2 years
30—35 yrs	1/2 year	2 1/2 years	3 years
35—40 yrs	1/2 year	3 1/2 years	4 years
40 yrs and above	1/2 year	4 1/2 years	5 years

**Table 2 Statutory minimum wage 1987, per month**

	Gross (HFL)	Net (approx.) (HFL)
23 years and above	1 987.60	1 400
22 years	1 689.50	1 226
21 years	1 441.10	1 063
20 years	1 222.40	919
19 years	1 043.50	801
18 years	954.50	708
17 years	785.50	629
16 years	685.80	550
15 years	596.30	478

**Table 3 Examples of national assistance (subsistence) benefits**

	Net per month (HFL)	Holiday benefit per month (HFL)
Couples maximum extra earnings	1 495.80 224.35	81.31
One- parent families maximum extra earnings	1 346.25 224.35	73.18
Jobless child living in: aged 20 maximum extra earnings	432.40 64.85	44.55
Single householders: 23 and over maximum extra earnings	1 047.05 157.05	56.92
Single householders sharing one home: aged 23 and over maximum extra earnings	889.35 157.05	56.92

riod (including the one year subsequent benefit), these people qualify for benefit under the new Act on income provision for older unemployed people and partially disabled unemployed people (IOAW). IOAW benefit amounts to the minimum social income, i.e. 70% of the net statutory minimum wage for single persons over the age of 23, 90% for one-parent families and 100% for cohabiting partners. One difference between IOAW benefit and subsistence benefit under the National Assistance Act is that IOAW benefits are fixed regardless of the claimant's personal property; however, the partner's income is taken into account.

### Disability

Persons who are or become fully incapacitated for work retain the same benefits for the same period as under the previous system. When a worker is at least 80% incapacitated for work (and there is no change in his or her condition or income), the benefit remains 70% of the previous wage (up to a ceiling). Benefit is paid until the age of 65.

There is one exception to this rule, namely for persons under 35 who had been receiving invalidity benefits before 1 January 1987. They will undergo a new medical examination within two years, which may result in the fixing of a different disability rating.

Under the previous system persons who were partially incapacitated for work and partially unemployed could get full invalidity benefits. This is no longer possible. Under the new system, such persons receive NWW benefit for the part for which they are not incapacitated yet unemployed, the duration of such benefits depending on their previous length of employment.

When the NWW entitlement (including the one year subsequent benefit) is exhausted, they can claim benefits under the new IOAW Act.

### Supplements Act (Toeslagenwet)

This act has been created to prevent recipients of NWW, invalidity or sick-

ness benefits dropping below the minimum social income (see above). The act provides for inadequate incomes to be topped up accordingly.

### United Kingdom: New help for unemployed people

A major new package of measures to reskill and remotivate Britain's unemployed people to help them compete effectively for jobs as the economy grows has recently been announced by the Employment Secretary.

The four major developments are:

- (i) nationwide extension of the new job training scheme, aimed particularly at those under 25;
- (ii) nationwide extension of the Restart programme for people unemployed over six months, and further Restart interviews at six-monthly intervals;
- (iii) extension to unemployed 17-year-old school-leavers of the guarantee of high quality training under the youth training scheme (YTS); and
- (iv) further expansion of the enterprise allowance scheme to help more unemployed people set up their own business.

People who have spent over six months unemployed will be helped in two ways:

- (i) The new job training scheme is to be extended nationwide from the end of March with the aim of giving nearly a quarter of a million unemployed people a year a better chance to compete for the increasing number of job vacancies, through quality training lasting an average of six months.

Priority will be given to those under 25, many of whom find that they have made the wrong career choice or have the wrong skills for the job. They will get six months of training leading to a recognized vocational qualification. The government has agreed to a proposal from the Manpower Services Commission to ex-

tend the scheme after an encouraging response from pilot tests held in the nine areas of the country where the Restart programme was tested. The Employment Secretary has emphasized that the expansion of the scheme must be achieved without any reduction in the quality of the training provided.

- (ii) The success of the Restart programme is to be built on in two ways. From the end of March anyone who becomes unemployed for more than six months will be offered a wide range of ways back into work including the new job training scheme.

The counselling programme will also be extended to provide interviews at regular six-monthly intervals. In the future there will be regular contact between Manpower Services Commission staff and unemployed people to help them, at different times and in different ways, back to work.

There will also be more help for new entrants to the labour market, whether working for someone else or for themselves:

- (i) The guarantee of high quality training under YTS is to be extended to every unemployed 17-year-old school-leaver. With the existing guarantee for unemployed 16-year-olds, made possible by the successful introduction of two-year YTS, every unemployed young person under 18 will have the chance of high quality training leading to a recognized qualification. No one under 18 now need be unemployed.
- (ii) There is to be further expansion of 10% in the highly successful enterprise allowance scheme. Another 10 000 unemployed people will be able to enter the scheme over the next financial year to get help in setting up their own business. These new businesses will add to the rapid growth in self-employment seen in all parts of the country.

Further details on the job training scheme will follow in the next issues of *inforMisep*.

## Training

### The Netherlands: New scheme for supporting training activities

A new scheme was launched on 1 January 1987 for supporting training for people in enterprises and establishments. It takes over from the current joint government-industry training scheme (SOB) and the study allowance scheme (SKR). The aim is, among other things, to remove bottlenecks which can arise when applying SOB and SKR.

The new training scheme is designed to create a framework for supporting and stimulating the unemployed as well as those in work to go in for training with the assistance of the labour office.

The scheme provides openings for careful adaptations to the regional problems of the labour market. Thus when implementing the scheme, the director of the labour office can take into account the most recent developments and, if necessary, make adjustments in both criteria and target groups.

Furthermore, certain categories of the unemployed who have dropped behind, can likewise qualify for the new training scheme. Women who have left working life to look after their homes or bring up small children, experience special impediments when returning to the labour market. The disabled and minorities seem to experience special problems when looking for a suitable job. Additional training can put those groups of the unemployed into a better position to compete.

Contrary to the SOB and SKR schemes, the new training scheme is also applicable in grant-aided establishments. Moreover, the training of persons who have had a work contract for more than six months will only be supported if there have been drastic modifications in the work contents or if the training will bring about a demonstrable external labour market effect. In such cases wage costs do not qualify for compensation.

Contrary to the former schemes, the allowance under the new scheme is not based on fixed amounts but is a percentage contribution to the training costs. In cases of in-company training, specifications are drawn up between the company and the labour office, setting out the agreements on compensation, conditions, etc.

## Job creation

### Belgium: Temporary reduction in employers' social security contributions

Royal Decree No 498 of 31 December 1986 (MB of 23 January 1987) aims to promote the recruitment of young jobseekers and the long-term unemployed. It lays down that enterprises which achieve a net increase in employment in 1987 through hiring such persons can draw on a (limited) exemption from employers' social security contributions until the end of 1990 and a reduction in contributions in 1991 and 1992.

#### *The employers concerned*

To qualify for the temporary reduction of employers' social security contributions employers have to:

- (i) employ persons who are subject to social security;
- (ii) come under one of the laws governing corporate closures.

Hence, enterprises which are not industrial or commercial are excluded.

The decree also applies to members of the professions.

#### *Who can be hired?*

To be able to draw on the system enterprises must hire:

- (i) a youth aged 18—25 who was registered on 1 January 1987 for at least one year as a fully unemployed person receiving benefit; or
- (ii) a youth aged 18—25 registered on 1 January 1987 for at least 18 months as a jobseeker without work; or
- (iii) a jobseeker who, at the time of being hired, has been a fully unemployed person in receipt of benefit for at least two years; or
- (iv) a jobseeker who, at the time of being hired, has been drawing uninterrupted for at least six months the minimum means of existence.

These persons must be hired during 1987. This must be done by means of an open-ended employment contract.

#### *Additional hirings must be net*

A reduction in employers' contributions is only granted if the hiring of unemployed youths or long-term unemployed leads to a net increase in the numbers employed. To this end, two conditions must be met:

- (i) the hiring must increase the number of workers in the enterprise compared with the number of workers employed at the end of the fourth quarter of 1986, and this increased number must be maintained at least for the period of exemption and reduction;
- (ii) following the hiring, the company's paybill such as it is declared to the ONSS (national social security office) must rise compared with the paybill declared for the corresponding quarter of the previous year and this increased paybill must be maintained at least during the period of exemption and reduction.

In no case can the increase in numbers of workers result from a corporate merger, splitting, transformation or amalgamation.

#### *Scope and duration of the reduction*

Until the end of 1990: exemption. For all workers hired under the conditions



outlined above, employers are exempt from paying employers' contributions for social security and wage moderation until the end of 1990 with the exception of contributions for annual vacations for manual workers, paid educational leave, the livelihood guarantee fund (*fonds de sécurité d'existence*) and the corporate closure fund. This exemption is, however, limited to the contributions due on that part of pay which does not exceed the average minimum monthly income (currently BFR 33348). Contributions due on the part of the wage above the minimum income must be paid entirely.

1991 and 1992: reduction. For 1991 employers' contributions for social security and wage moderation are due on one half of the part of the wage which does not exceed BFR 33348. For 1992 the reduction is limited to one quarter for the part of the wage which does not exceed the minimum income.

In cases of part-time work, the average minimum monthly income on which the exemption from employers' contributions for social security and wage moderation is applied is calculated as a percentage of the average minimum monthly income of the full-time worker in question and on the basis of the working hours in the enterprise.

When the employment of the worker ceases before 31 December 1992, the reduction is maintained until the expiry of this period in respect of the worker hired as a replacement, provided that the conditions presented above are respected.

If a worker is dismissed during the period in which the reduction is allowed and if he/she is entitled to severance pay, the employers' social security contributions due on the severance pay are not reduced.

#### *Administrative requirements*

To be able to draw on the advantages laid down by Decree No 498 the employer must specify, in his quarterly statement to the ONSS, the exact identity of the worker for whom he reduces the employers' contributions and prove that this worker is a young jobseeker or

a long-term unemployed person whose hiring has led to a net increase in the numbers employed and in the company's payroll.

#### *Concurrent drawing of benefits*

Employers who draw on the exemption from or reduction in employers' contributions cannot, for the same worker, make use of the benefits of other employment schemes (e.g. Royal Decree No 111 of 15 December 1982, see iM 1 — i.e. temporary social security reductions for taking on a first worker).

### **Belgium: Grant-aided contract workers in local authorities**

In November the government brought in a new scheme (Royal Decree No 474 of 28 October 1986; MB of 20 November 1986) aimed at harmonizing into a single whole all the existing programmes for reducing unemployment at the level of local authorities (i.e. *communes* and *CPASS* — public welfare centres).

The existing legal systems have been replaced by a system of public contract employees (*contractuels*) having full social and financial status. For this, local authorities receive a grant from the State.

#### *The previous system*

*Communes* and *CPASS* could use mainly three types of programmes for reducing unemployment:

- (i) the 'put-to-work' unemployed, whose pay was subsidized by the State (to between 50% and 70%);
- (ii) CST workers (on temporary work assignments) whose pay and social contributions were fully paid by the State for the first year and up to 75% for the second;
- (iii) TCT workers (on community jobs) whose pay and social contributions

were fully paid by the State. Although having an indefinite contract, these workers received no periodic increases on the grounds of seniority.

#### *The new system: grant-aided contractuels*

As from 1 January 1987, these various categories of workers have been replaced by one single category: grant-aided *contractuels*. Local (communal) authorities, *CPASS*s and non-profit communal associations which want to call on such *contractuels* must conclude an agreement with the Minister for Employment and Labour.

The other conditions which have to be met to be able to make use of this system are as follows:

*Contractuels* can only be recruited from certain categories of workers. The main categories which can have such employment are:

- (i) the fully unemployed who have been in receipt of benefit for at least six months;
- (ii) the 'put-to-work' unemployed and CST and TCT beneficiaries;
- (iii) beneficiaries of the 'minimum means of existence'.

The workers in question are taken on by means of an open-ended or fixed term employment contract. At the very least they receive pay equal to the salary paid to an employee of the State for the same or similar function, as well as the connected increases in scales.

Wages have to be paid by the local authority which employs the *contractuel*. But the employer is exempt from the employer's social security contributions.

Furthermore, the local authorities receive a grant from the State. The executive order of 29 October 1986 (MB of 20 November 1986) lays down the criteria and the conditions for granting this premium. The amount is fixed on an annual basis. It amounts to BFR 230000 per year and per worker, provided the following conditions are fulfilled:

- (i) the grant-aided *contractuels* work in the non-market sector;
- (ii) the local authority concerned applies to the members of its staff the advantages of career breaks.

The grant amounts to BFR 400000 per year and per worker if the following additional conditions are fulfilled:

- (i) respecting the requirements imposed by Royal Decree No 230 of 21 December 1983 concerning traineeships and the vocational integration of young people;
- (ii) maintaining the overall volume of employment at least at the level of the average number of people employed by the local authority during the period from 1 April 1985 to 31 March 1986. 'Number of people employed' means those having indefinite and temporary contracts, *contractuels*, the unemployed by public authorities and TCT workers, with the exception of trainees employed in execution of Royal Decree No 230 mentioned above, CST workers and teaching staff;
- (iii) maintaining at least the numbers with indefinite and temporary contracts and *contractuels* employed on 30 June 1985;
- (iv) maintaining at least the proportion of 50% of the staff, the financial burden of which is completely borne by the local authority;
- (v) employing as grant-aided *contractuels* a number of long-term unemployed at least equivalent to the numbers employed by the local authority on 30 June 1985. An unemployed person is considered to be long-term unemployed if, at the time of being hired, he/she has been in receipt of a full unemployment benefit for at least two years.

In specific cases and under specific conditions, the Minister for Employment and Labour can (temporarily) give dispensation from some of the criteria mentioned above.

The advantages of the new system are clear. For the local authorities it is a considerable simplification since there

remain only two categories of employees:

- (i) statutory employees,
- (ii) grant-aided *contractuels*.

Furthermore, the *communes* and the *CPASs* regain control of the management of the whole of their personnel. For the persons concerned, it constitutes a considerable improvement in their social status by getting rid of the discriminations which hit the 'put-to-work' unemployed and TCT workers.

## Belgium

### TCT reform

Royal Decree No 473 of 28 October 1986 (MB of 20 November 1986) brought in modifications to the regulations concerning the TCT — the 'third work circuit' (*Troisième circuit de travail*).

The major changes set out in Decree No 473, which came into force on 1 January 1987, concern the area covered by the TCT, the employers' financial contribution to the projects and workers' pay.

1. Taking into consideration the area covered by the system of grant-aided *contractuels* (public contract workers), only the following bodies can still employ TCT workers from 1 January 1987: parish councils, other institutions entrusted with managing the property connected with the services of recognized religions, the polders and the drainage systems, and non-profit persons' associations having legal capacity in whose creation and management the local public authority is not dominant.

However, a transitional scheme is in operation until 30 June 1987: provided the workers in question serve their notice period, the State can still give TCT status to those workers who were taken on before 1 January by employers who are no longer included in the area covered by the TCT from that date on.

2. From 1 July 1986, for TCT projects approved from that date, and from 1 January 1987, for projects approved before 1 July 1986, the sponsors must contribute to the pay of the workers. The State previously covered 100% of the wage and salary costs for the entire duration of the employment of these workers.

A distinction needs to be drawn between the two TCT systems:

- (i) The general TCT system  
The employer has to pay a 5% contribution towards the wage and salary costs of the workers made available to him to carry out a project. However, employers who can prove that they are unable to pay this contribution and whose activities are socially useful or concern a particularly hard-hit target group can be partially or totally exempt from paying this amount. The same is true for sponsors who take on unemployed persons whose length of unemployment exceeds the average length of unemployment in the regional unemployment office they depend on, provided that this length is in excess of 36 months. A ministerial decree of 31 December 1986 (MB of 21 January 1987) sets out the conditions by virtue of which this exemption can be obtained.
- (ii) The paid service TCT (see iM 3)  
The TCT system was modified outside Royal Decree No 473 by the executive order of 29 October 1986 (MB of 20 November 1986). This sets out in particular the conditions under which the State takes over the pay and relevant social contributions of workers who, in the context of a TCT project, are made available to specific categories of third party users against payment. The work concerned covers petty jobs, household helps, persons looking after children and the sick, etc. The amount of the payment is fixed according to the capacity of the third party users to contribute.

For these projects the sponsor is exempt from the requirement to pay the amount specified under the general TCT system. However, each quarter ONEM claims from the sponsors concerned the repayment of all or a part of the payment made by the third party users.

3. A third significant change concerns the pay of workers taken on under a TCT project.

As previously, the worker is paid according to the pay scales for the grade of person employed by the State carrying out the same or similar function. This pay continues to be reduced by 20% if the person concerned has a level 1 function (reserved for university graduates).

As from 1 January 1987, workers will also receive scale increases acquired according to length of service. For it seemed appropriate not to limit to the initial pay of persons employed by the State the pay of workers taken on for an indefinite period, the vast majority of whom are low-skilled workers who have few opportunities of finding another job.

4. Finally, a few regulations, hardly ever applied, have been abolished and the procedure for approving and carrying out projects has been simplified.

### **Greece: Self-employment initiatives**

Continuing its efforts to fight unemployment, OAED (the employment service) has started funding those unemployed who wish either to become self-employed or to create their own small enterprise or cooperative.

In this way, OAED is strengthening its financial and technical support of initiatives taken by unemployed youths. The programme, launched on an experimental basis, provided funding for a total of 1400 persons aged between 18 and 35 years until the end of December. The evaluation of the programme will help its more effective application and expansion in the future.

The programme provides the following financial support:

- (i) each unemployed person who wants to start up on his own is funded up to the total sum of DR 200 000;
- (ii) of this sum, DR 75 000 are paid in advance on enrolment in the programme, while the remainder is paid in five bi-monthly instalments of DR 25 000 each;
- (iii) where the unemployed young people cooperate to create cooperatives or companies, there is the possibility of financing more than one of them, with a limit of seven persons.

The prerequisites for registration on the programme are as follows:

- (i) The new economic activity must be the main occupation of the persons enrolling in the programme.
- (ii) To be eligible for the programme, the enterprise must be new, employ less than ten persons and be a permanent establishment. It must not be seasonal in character nor have any connection with import trade, gambling or politics.

The programme excludes the possibility of financing the professions, such as doctors, pharmacists, lawyers, notaries and engineers.

### **Greece: Job creation schemes 1987**

The following schemes, some renewing existing schemes, constitute the 1987 job creation programme:

- (i) A project for the creation of 12 000 new jobs for young people under 25 years and of 15 000 new jobs for those over 25 years. This programme provides finance for private enterprises, cooperatives, organizations and municipalities for hiring new employees without dismissing existing personnel. The amount of the grant depends on the sector in which the employee is hired and on his/her qualifications: graduates, returning migrants, ex-prisoners, etc.

Finance is given for one year with the employer being required to retain the person for at least a further six months.

- (ii) A financial grant programme of DR 300 000 each for funding 2 000 young persons up to the age of 25 years and 3 000 persons over that age who wish to become self-employed. DR 100 000 are paid in advance on enrolment in the programme with the remainder being paid in five bi-monthly instalments, each of DR 40 000. For enrolment in the programme, the following conditions have to be fulfilled:

- (a) the economic activity of the person must be his/her main occupation;
- (b) the business must be new, employing less than 10 persons and be a permanent establishment, not being seasonal in character.

The following occupations and types of business are excluded:

- (a) scientists, doctors, lawyers and architects;
- (b) gambling and amusement businesses;
- (c) petrol stations;
- (d) private educational institutions;
- (e) agricultural businesses.

- (iii) A programme financing the creation of new jobs for 1 600 handicapped persons.
- (iv) A programme financing the re-design of workplaces for 200 disabled persons.

### **Portugal: Financial support to former trainees of vocational courses to become self-employed**

Two similar programmes were started in January, the one by IEFPP, the national vocational training and employment institute, and the other by the em-

ployment directorate of the autonomous region of Madeira. They aim at giving persons who have successfully completed vocational training at State training centres financial support in creating their own jobs.

- (i) The experimental IEPF programme is for young people of less than 25 or the long-term unemployed who finished their course in the second half of 1986. The amount of the (non-reimbursable) allowance is 12 times the minimum monthly wage. It is estimated that some 430 former trainees will take part in 1987.
- (ii) The programme of the autonomous region of Madeira is unlimited in duration. It aims at enabling those who have successfully completed their vocational training by 1 July in one year to draw on financial aids during the following year. The total amount of the grant is 12 times the minimum monthly wage of the autonomous region, paid in three stages (Decree No 6/87 of 22 January 1987 — Joram No 3 I series).

## Special categories of workers

### France: 1987 action programme for adult LTUs and for unemployed, unskilled women living alone

Long-term unemployment is becoming a major preoccupation: in December 1986 there were 811 000 category 1 job-seekers who had been continuously on the register for more than one year, 50% of whom were in the 25—49 years age bracket. More than 50% were industrial workers who, because most of the new jobs are in the tertiary sector and because of the low level of their skills and basic training, experience particular problems in finding another job. One year of unemployment constitutes an

important threshold as regards the employability of jobseekers. The rate of spontaneously finding a job during a quarter drops from 34.7% for those registered for less than one year to 11.9% for those registered for more than one but less than two years to 6.6% for those registered between two and three years.

The strong rise of long-term adult unemployment which could be observed from September 1983 as well as the stabilizing role of specific actions undertaken over the last years bear witness to the need to launch a broad scale programme for 1987 drawing on a variety of instruments in order to take account of the range of difficulties facing the adult LTUs concerned. The 1987 programme consists of three parts:

#### Vocational training

Three types of vocational training activities will be run in 1987:

- (i) Increasing to 240 000 places the programme of classical 'insertion traineeship' for young and adult LTUs (86 000 modular traineeships, 47 000 FNE (National Employment Fund)/LTU traineeships, 19 000 upgrading traineeships (*stages de mise à niveau*) and 90 000 16—25 year-old traineeships).
- (ii) Renewal for 1987 of activities foreseen in 1986 for 7 000 women living alone; 5 000 PLIFs (local programmes for the integration of women) and 2 000 FNE specific traineeships.
- (iii) Bringing in 'alternance reintegration contracts' (CRAs) and 'alternance reintegration traineeships' (SRAs) enabling adult LTUs to be reintegrated in enterprises.

CRAs combine doing a job with a significant chunk of training (600 hours on average). They are primarily intended for LTUs whose problems of becoming reintegrated into working life are directly linked with insufficient or inadequate training for being hired.

To ease employers' reticence to hire adult LTUs, CRAs come with a financial

incentive: total exemption from employers' social charges for one year.

Since the aim is to encourage lasting vocational reintegration of adult LTUs, hiring should be by open-ended employment contract or by a limited term contract of at least two years.

This formula should be sufficiently attractive to achieve a target of 20 000 beneficiaries in a full year. Assuming that this formula becomes operational in mid-July 1987, the number of beneficiaries in the second half of 1987 can be estimated at 10 000.

SRAs last five months, one half being vocational training and the other a traineeship within a company. 20 000 traineeships could be run in 1987.

#### Implementing reintegration through work

Not all LTUs are in a position to benefit from training. Those who have been longest out of the labour market need a period of 'resocialization' by immersion into working life. This period which can only be transitory should enable those concerned to get used again to the rhythm of working life and to working with others. Adult LTUs in receipt of specific solidarity allowances or end-of-entitlement allowances can thus draw on local reintegration programmes implemented by community bodies. In return for working 80 to 120 hours per month for a community interest activity, they can receive an allowance equivalent to the unemployment benefit they were receiving (FF 1 950 per month) increased by an expense allowance of from FF 500 to FF 750 per month.

Several tens of thousands of persons will be able to benefit from this scheme from 1987.

#### 50% exemption from employers' social security contributions

A system is being introduced for a 50% exemption from employers' charges for hiring an LTU in the three months following the completion of a traineeship or a reintegration into working life action. Experience with previous



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schemes shows that their impact on the vocational reintegration of the adult unemployed is by no means negligible. Follow-up surveys by SES on those completing FNE/LTU training and by ANPE on those completing modular training indicate for both approaches that around 35% find jobs in the three months, a rate which is significantly higher than rates of spontaneous job finding which can be observed from ANPE statistics.

The aim of the new scheme is to raise still more these job-finding rates by offering those enterprises which hire LTUs completing courses a further advantage.

Assuming that this exemption scheme comes into force in mid-1987, the number of beneficiaries in the second half of 1987 can be estimated at 25000.

### **Ireland: Job search programme**

The job search programme was introduced on a pilot basis in September 1986. It has now been extended to the entire country.

The programme is designed to help the unemployed, particularly the long-term unemployed, by improving their job searching skills and giving them access to training and employment schemes.

The objective of the programme is to offer a one-to-one counselling interview to 150000 (i. e. 60% of the live register) before the end of 1987. The participants will be able to avail themselves of more than 50000 places which have been reserved for them on various manpower programmes and schemes. These include a special four-week job search course incorporating instructions, ad-

vice and coaching in job-finding skills and the use of facilities (telephones, stationery, typing services, etc).

### **The Netherlands: Youth employment guarantee scheme (JWG)**

The youth employment guarantee scheme (JWG), has been further developed.

The purpose of the JWG scheme is to guarantee a job and hence income to all under 21-year-olds who have not yet found a job or started on further training. The target group includes persons who left school more than six months ago,

- (i) who have been unemployed for more than six months;
- (ii) who having previously had a job, are now unemployed.

The scheme will be phased in progressively to become fully operational only after a few years. Ultimately some 35 000 jobs will be involved. JWG-jobs, temporary and additional, will be offered by the public sector, i.e. by the government, the provinces, the municipalities and grant-aided organizations. The intention is for young people to gradually work their way into normal jobs.

To avoid displacement effects and budget distortions, the following conditions are laid down for JWG-jobs:

- (i) participants are not supposed to be employed for more than six months (and possibly one year) in the same job; if, during this period he/she has not got a training place or a normal job, another JWG-job has to be offered;
- (ii) a JWG-job cannot exist for more than two years within an organizational unit;
- (iii) the number of JWG-jobs is not supposed to exceed 5% of the numbers employed in the organizational unit in question.

Temporary jobs should not take the place of jobs lost through staff cuts.

The weekly working time of young people on JWG-jobs depends on where they live: for those living at home, 19 hours and for those living on their own 32 hours a week. As regards remuneration, the statutory hourly minimum wage will be paid; this means that the wage will tend to be slightly above the subsistence allowance (*bijstand*) level.

The JWG scheme will be implemented by the municipalities. The additional JWG-jobs have to be designed so that the employment is meaningful and productive, providing useful work experience. The municipalities should be able to offer a variety of jobs in government (including in the national and provincial services they run) and in grant-aided establishments. The jobs should thus be congruent with the training of the young people, taking the greatest possible account of the opportunities for becoming integrated into the local labour market. Because of the importance

of training in vocational integration training facilities, though not compulsory schooling as such, should be provided to complement JWG-jobs.

JWG-jobs should not be treated in the market sector, since this would be likely to distort competition; on the other hand, the market sector must come up with appropriate opportunities for integrating young people. Furthermore, creating JWG-jobs in the market sector could have negative effects on existing schemes such as the JOB scheme (growth jobs for long-term unemployed youths through temporary work agencies — see iM 11) and the Vermeend/Moor Scheme for the long-term unemployed.

There will be a 'running in' period to enable municipalities to create enough JWG-jobs. Taking account of the seasonal pattern of unemployment, the stock of jobs must exceed the average number of the target group (for example 1.25 times).

For the time being the cost of implementing the scheme is estimated at a net sum of HFL 50 to 100 million per year. This takes into account savings on unemployment benefit payments. The government pays the wage costs of a JWG-job and the additional costs for implementing the scheme. Employers cover the costs for lodging and materials.

The JWG scheme is expected to become operational in mid-1987 once consultations with parliament have been concluded.

### **United Kingdom: Evaluation of the Restart pilot schemes**

Restart pilot schemes to help the long-term unemployed (see iM 13) were extended to provide a national Restart programme, announced in the March 1986 budget. The programme was further extended to include people unemployed for over six months and to introduce Restart interviews at six-monthly intervals (see iM 17).

An evaluative study of the first Restart pilot schemes has been carried out by the Manpower Services Commission. Its main findings are outlined below:

The counselling initiative, which took place in nine selected travel-to-work areas, met its objective of offering an interview to everyone who was or became 12 months unemployed during the period of the pilot schemes. The results of the interviews have shown that there is considerable value in discussing with unemployed people their individual problems and offering positive help and advice towards getting them back to work. The pilot schemes also confirmed that many people were not aware of the wide range of help available to them — a sample survey of those interviewed revealed that 69% were more aware of the help available to them following the interview than before it.

During the pilot scheme 30 308 people were interviewed and 91.5% received an offer of a job or an opportunity in one of a range of different programmes including Jobclubs (see iM 12), the enterprise allowance scheme (see iM 2, 5, 7, 8, 17), Jobstart (see iM 13), the Restart course (see iM 13, 14), training and the community programme (see iM 2, 8). As Restart interviews are intended as the first step to help people back to work, most of the offers made entailed help to improve job prospects. Of those who received an offer of help 20% were submitted to the community programme, 15% to training, 14.6% to Restart courses, 6.8% to Jobclubs and 5.8% to the enterprise allowance scheme. 73.1% of those interviewed agreed to follow up the offer made.

The experience of the pilot scheme suggested that one interview was not enough for many long-term unemployed people and that by the time people have reached the stage of 12 months unemployment many were very demotivated towards seeking work. These findings reinforced the decision to extend the national Restart programme to interview people when they became six months unemployed and to re-interview them at six-monthly intervals whilst they remain unemployed.

## Working time

### The Netherlands: Relaxation of regulations on women's work

Women who work shifts are permitted to work overtime within the statutory norms of 10 hours per day and 55 hours per week. Women who do not work shifts are permitted to work nights in all circumstances where men are authorized to do so. In future, the overall ban on Sunday working for women which stems from the labour law of 1919 is to be lifted. In anticipation thereof, and with the agreement of the labour inspector, women are permitted to work on Sundays if this is allowed for men.

These changes bring women's opportunities for overtime, night and Sunday working into line with those applied to men.

## Placement

### Germany: Computerizing placement — including jobs sought

Developments on the labour market as well as the workload of the employment offices underline the need for bringing in computerized placement as a priority in all employment offices. Of the 628 offices, some 450 are currently computerized as regards placement and employment counselling, albeit with different functional facilities.

Two steps in the approach have already been generalized: 'management of vacancies' and 'exploitation of data on benefit recipients'. Computerized management of data on jobseekers has been successfully tested in the employment offices in Frankfurt and Darmstadt and is now being extended to the whole of the country. The automatic storage of the data on jobseekers also creates the necessary conditions for the computerized compilation of statistics of jobseekers.

BA, the Federal Employment Institute, has high hopes of computerized matching and the experience to date bears out the expectations. Computerized matching leads to improving the 'placement and employment counselling' service and thus also to enhanced effectiveness in this area. Through the direct access of all placement officers to all vacancies in their own catchment area and surrounding region, and to all jobs sought in their catchment area, the placement possibilities are broadened. The transparency of the labour market is improved, the time of filling the vacancy and duration of individual unemployment are positively influenced and regional and occupational mobility of jobseekers are enhanced. Computerized placement improves the information basis as a result of exact data collection and data capture. It leads moreover to a continuous inclusion of all jobseekers in the placement selection. The preparation and planning of labour market measures are greatly facilitated. Access to data on those in receipt of benefit enables the issuing of short information, which leads to improved services for the citizen.

### Germany: Computerizing Sedoc

Decision (EEC) No 1612/68 of the Council of the European Communities created the legal basis for the freedom of movement of workers within the Community and hence for the internal labour market.

To reach this goal Articles 14 and 15 of this Decision provide for:

- (i) the mutual communication of vacancies and jobseeker requirements, and
- (ii) the exchange of information on living and working conditions, the labour market situation and the existing placement possibilities.

Experience so far indicates that the exchanges within Sedoc are, overall, still at a rather low level. There are various reasons for this, including technical difficulties in implementing the Sedoc approach.

Information on vacancies and jobseekers is passed on to the 'special service centre' of the other Community countries by telex every 10 days:

Based on this situation and drawing on experience with the system of computerized placement, BA, the Federal Employment Institute, set down considerations on computerizing and raising the efficiency of the Sedoc approach which is submitted to the EC. The ideas were favourably received and have since led to a series of planning discussions.

Put briefly, the conceptual considerations are concerned in the first place with a pilot project to equip the special services in the FR of Germany (ZAV) and France with screens and printers which are linked to a central computer of the EC in Brussels. This opens up the opportunity for the special services to receive, modify and erase the data on jobs offered and sought. Data are teletransmitted to the central computer, where they are stored and collected into the appropriate data bases. This data can be sorted according to various relevant criteria relating to placement and the labour market, displayed and printed. Thus can the relevant information be immediately accessed and dialogued with.

The EC will decide at the end of April whether there will be a pilot project. The EC would cover the costs of such a pilot project.

## France

### *Changes in placement procedures*

This article sets out the main provisions of the 20 December 1986 Order No 86/1286 concerning the placement of jobseekers. Adopted by the Council of Ministers on 10 December, it was signed by the President of the Republic on 18 December and published in the *Journal Officiel* (official gazette) on 21 December 1986. It sets out the new legal framework in which the national employment agency, ANPE, operates.

*Organization of the public placement service*

ANPE provides the public placement service. However, provided they are competent and willing to act in favour of employment, various bodies can cooperate in their capacity as ANPE correspondent in the public placement service. They have, however, first to make an agreement with ANPE or be authorized to this end by the State and then conclude an agreement with ANPE. The bodies concerned can be public institutions, bi-partite bodies managed jointly by trade unions, employers' and wage-earners' organizations and associations. These bodies have to abide by the fundamental rules of the public service: services must be offered free of charge with equal treatment for all users.

These provisions are in keeping with the texts concerning ANPE correspondents (APEC, the association for the employment of managers; Apecita, the association for the employment of agricultural managers, engineers and technicians; CNRJ, the national centre for the redeployment of redundant journalists; etc.) set out in Article L.312-4 of the Labour Code, which they replace.

*Matching labour market supply and demand*

The Order does not change Article L.311-2 of the Labour Code. This lays down that every jobseeker must be registered with ANPE and that every employer has to notify ANPE of every job vacancy within his/her enterprise.

Maintaining these provisions means that, provided that they have concluded an agreement with ANPE, the above-mentioned bodies can participate in placements but will have no responsibility in managing the files of the jobseekers and job offers, which is entirely ANPE's responsibility.

*ANPE status and missions*

The Order does not change the status of ANPE. It remains a national public body having legal status, being financially autonomous but accountable to

the minister in charge of employment. However, its missions which have, until now, been defined by decree, will henceforth be defined by law. In this respect the Order extends ANPE's mission by adding to its existing missions that of general intervention on the labour market (see Art. L.311-7).

*Links with Unedic*

Unedic, the national union for employment in industry, is the body entrusted with managing unemployment insurance. The Order lays down that agreements can be made between ANPE and Unedic to combine their resources, their respective interventions for helping jobseekers and fixing the conditions under which jobseekers can register either with ANPE or with Assedic, the association for employment in industry and trade. ANPE remains, however, the body responsible for managing the list of jobseekers.

Similarly, agreements between ANPE and Unedic can set out the terms and conditions on which the social partners who manage the Assedics can be involved in ANPE's decision-taking or advisory procedures which will be set up over the country.

*Role of the communes*

Where there is no ANPE office, the local mayor is in charge of registration of applicants for employment and informing the competent local agency. Furthermore, should they be authorized to this effect by the State and by ANPE, *communes* can carry out placements for their citizens seeking employment.

Finally, under the terms to be specified by decree by the Council of State, mayors will have access to the list of jobseekers living in their *commune* for the purpose of placing them, provided they have an agreement to this effect, or for fixing the social advantages likely to be granted to them by the *commune*.

These new legal regulations aimed at ensuring a smooth increase in placement units will be the subject of executive orders to be issued in the course of the first quarter of 1987.

**Portugal: Computerizing placement**

The pilot phase of SIGE (computerized system of employment management) was concluded in 1986. This brought data processing to the employment market.

The three-fold goal of the system is:

- (i) to provide exact up-to-date employment market information;
- (ii) to enable the proper and rapid matching of labour supply and demand;
- (iii) to provide the information needed to promote the geographical mobility of jobseekers.

The system was designed as a data base using SGBD Total, which centralizes data and processing in Lisbon.

The employment centres update the files in real time, using the Telepac national data transmission network. The data base has the following sub-systems:

- in real time
  - (i) jobseekers
  - (ii) vacancies
  - (iii) matchings
  - (iv) consultations
  - (v) statistics.
- in batch
  - (i) monitoring jobseekers
  - (ii) statistics.

Now that the initial phase covering the Algarve region has been completed, it is intended to extend the system to the other regional delegations of IIEFP by the end of 1987.



## Miscellaneous

### Ireland: Survey of employers' perception of the effects of labour legislation

The objective of the survey was to assess the extent to which employers believe that employment protection legislation deters them from increasing their workforce and to determine the relative importance of such legislation in the broader spectrum of problems encountered by Irish business.

The survey began with some very general questions about the problems facing business in Ireland. No firm raised any issue relating to labour legislation in response to the open-ended question on the single greatest difficulty. When all the difficulties facing firms are considered in aggregate only 1% raised an issue relating to labour legislation.

Of the firms which had experienced growth in business activity, over half had not increased their workforce. The most common answer for not doing so was that existing staff could cope in the short term. Only 6% quoted problems relating to labour legislation and of these half referred to difficulties in dismissing new workers if they proved unsatisfactory. When all the firms in the survey were asked if they could think of any reason for not increasing the size of their workforce, approximately 40% said they could not. Of the remaining companies, 14% mentioned difficulties in dismissing

staff and 10% raised some other feature of employment protection legislation.

In regard to more detailed questioning on employment legislation, 28% of firms felt that it had a detrimental effect on business in recent years. However, when asked to specify the legislation involved, over 67% referred to taxation and social insurance (although asked specifically about labour legislation). The Unfair Dismissals Act was mentioned in this context by only 7.5%. When asked if they would like to see amendments to employment legislation, just over half said they would. The main areas of legislation which firms wished to see amended were the Unfair Dismissals Act (58%), redundancy payments (20%) and maternity leave (18%).

Smaller firms indicated that they were less affected by and concerned with employment legislation than were larger firms. There also seems to be a relationship between employers' perceptions of the effects of employment legislation and the presence of trade unions. Unionized firms tended to see labour legislation as a greater problem and to accord a higher priority to reform of the Unfair Dismissals Act than firms where unions were absent.

### The Netherlands: Composition of the unemployment figures

The government has asked the Central Statistical Bureau (CBS) to examine

the possibility of producing a figure of registered unemployment based on data from the recently started CBS survey of the working population, data from employment offices and possibly data from other sources.

Unemployment will continue to be measured on the basis of the current definition of registered unemployment. The CBS is being asked to examine the frequency, rapidity and detailed character with which CBS figures can be produced. The Cabinet is furthermore asking the CBS to explore the possibility of indicating in figures the relationship between 'corrected' and 'uncorrected' data with a view to measuring the effects of improved registration of jobseekers and to linking the very detailed data of the employment offices and the less detailed figures of the survey of the working population. The Cabinet stresses the need to gain insight into the composition of unemployment.

Behind these questions is the idea of entrusting the CBS with compiling and publishing unemployment figures which are better suited to policy-making than the current figures of registered unemployment.

It is hoped that from early 1988 the CBS will be able to publish figures of registered unemployed which are based on several sources. This means continuing the survey of the working population and developing collaboration with the employment offices to be able to obtain monthly data from them.

# New technology and social change

## Overview of recent events in the Community countries<sup>1</sup>

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3. Retail trade

## Introduction

The reference period of this survey of events in the field of social implications of new technologies, i. e. from autumn 1986 to early spring 1987, saw the launching of a number of new R&D projects in some Member States, but no major technological programme. In some countries the focus of government intervention has been industrial policy, while in others attention has focused not so much on pure research as on the links between research and innovation, in other words on the capacity to translate R&D results into marketable products. Programmes to encourage cooperation between research institutions and industry are thus launched, in the hope that they will generate more industry-oriented research and more research efforts in industry.

Poor results of innovation efforts, insufficient coordination and lack of infrastructure for disseminating technologies are criticisms often made in reports assessing the performance of technology policies. Several of these reports were published in this period, either commissioned by the governments themselves, or carried out by independent bodies. Their conclusions are briefly summarized in the first section of this survey.

The second section covers industrial relations. Employers are increasingly adopting positions on issues related to the introduction of new technologies, both to put forward a comprehensive approach which can serve as a point of reference in collective negotiations, and to dispel fears and negative opinions on the consequences of new technologies for employment. Moreover, the debate on new technologies is often linked to the discussions on flexibility, a central matter of concern at present; mixed and often conflicting evidence is presented by the two parties concerned on this issue.

On the trade union side, the first comprehensive statement and proposals of Portuguese trade unions on the

introduction of new technologies is worth noting. In the countries where demarcation is a characteristic feature of union organization, technological and structural changes are, in addition, inducing a re-thinking of union structures. Moreover, working time remains a central matter of concern, since an acceptable trade-off between the demand for working time reduction and the opposition to what is — from the unions' point of view — an excessive flexibilization of working hours is often difficult to achieve.

Collective agreements including provisions on new technologies have been signed, in this period, mostly at sectoral level; some contain quite innovative features. Moreover, in Belgium a comprehensive assessment of the intersectoral agreement signed four years ago has been carried out. The press remains one of the conflict-prone sectors, although in some countries employers and unions have adopted a cooperative attitude towards finding agreements. Another high-tech sector where conflicts have occurred is telecommunications, due, no doubt, to the significant changes and reorganizations that are taking place.

The third section reports on studies on employment, qualifications, work organization and training. Robots are a widely studied subject and recent evidence on their employment effects is rather less negative than the first forecasts produced some years ago. By contrast, the employment outlook at macroeconomic level remains quite bleak. Skill shortages and work organization are other widely studied subjects. On both, conclusions are unequivocal: mismatches on the labour market are pointed out by all studies and surveys

<sup>1</sup> Prepared by the Commission on the basis of information provided by the EPOS network of correspondents on new information technologies, which comprises the following experts: G. Valenduc (B), J. Reese (D), N. Bjorn-Andersen (DK), J. I. Palacio Morena (E), N. Azulay (F), M. Nikolinakos (GR), M. E. J. O'Kelly and J. F. Dinneen (IRL), P. Piacentini and B. Ingrao (I), D. Van Der Werf (NL), L. Tadeu Almeida (P), T. Brady (UK). Coordinator for the Commission: A. S. Piergrossi.

on skills: while studies on work organization conclude in most cases that strategy, objectives and system design are as important as technology in determining whether work becomes more skilled and work organization less constraining.

A few specific experiences are reported in the last section: they concern education, banks and retail trade. Automation of banking services and the diffusion of electronic means of payment in the retail trade sector are common features, but they are not exempt from problems of various types, from 'electronic theft' to conflicts over banks' opening hours. In the financial sector, the main technological event during the reference period was the 'Big Bang'; nowhere was it a great success, but it had an unforeseen social effect, namely a tightening of the labour market for computer staff.

## I. Government policies

### 1. R&D and industrial policies

In February 1987, the Belgian Government approved a programme to support research into artificial intelligence, aimed at strengthening the university teams carrying out research in this field and enabling firms to take immediate advantage of the results of this research. The programme includes the possibility of exchanging researchers between Belgian and foreign laboratories.

In Italy, a new project of the National Research Council, whose programme was announced in November 1986, aims at generating an independent source of know-how for the development of basic electronic components. Major enterprises in the electronic components and applications sectors participate in the project, called 'Compo-

nents and devices for solid-state electronics'; public funding is LIT 126 000 million over the five-year period 1987-91.

The general strategy of the French Government since March 1986 has been to reduce substantially State intervention in industry and support for innovation is being partly reversed by the new priority for research and innovation, announced in March 1987. The policy of 'lesser intervention' focused on the abolition of a number of public agencies operating in industrial and innovation policy<sup>1</sup> and on the reduction of the budgets for, amongst others, industrial policy, industrial modernization and the electronics industry. Between 1986 and 1987 the appropriations for civil research were reduced by almost FF 3 000 million; those of the Research and Technology Fund and the appropriations of the Anvar (the national agency for the valorization of research) for support to innovation were reduced by 40%.<sup>2</sup> However, these measures were counter-balanced by the government announcement of March 1987 that priority would be given to research and innovation.<sup>3</sup> This new approach will find expression in a number of measures, including the continuation of the activities of Anvar and the refinancing of the system of fiscal incentives to research. In the social field, the Prime Minister entrusted the General Director of the agro-food group BSN, Mr Riboud, to carry out a study of the effects of technological change on employment, which will cover a number of major issues such as the effectiveness of the instruments available to firms for forecasting the effects of technological change on employment; the channels and means by which workers are informed of new technologies; and the constraints to workers' occupational mobility.<sup>4</sup>

Public support for innovation and the coherence between initiatives relating to technological innovation and social innovation have also been assessed in an earlier report prepared by F. Piotet for the French Economic and Social Council.<sup>5</sup> The approach of the public authorities to innovation, started in the 1950s in a global manner, which included techni-

cal aspects along with work organization and labour management, became with time increasingly specialized. The outcome is a very complex system which, however, tends to separate technological innovation from social innovation. The combination and complementarity of the different factors of production is overlooked as a result, and the overall effectiveness of public intervention is diminished. The report consequently suggests that all interventions by the different public agencies should take into account all dimensions of innovation, including a systematic analysis of the effects of technological and social innovation on work content. Moreover, research on work should be granted more attention, by creating a national institute which should encompass all applied research and activities in this field. A better distribution of information on the activities of public agencies and the systematic assessment of public policies are also recommended in the report.

In Portugal, a law passed in March 1987 grants tax incentives to industrial companies investing in scientific research and technological development. Earlier on, in 1986, the government had formulated a programme for the development of industry, the aims of which were industrial modernization and the narrowing of the gap with the other EEC countries. The Pedip (specific development programme for Portuguese industry) draws out the main lines of industrial policy to be implemented over a seven-year period, covering both short-term adjustment and restructuring measures, and longer-term measures to promote the potential of the industrial sector. The strengthening of infrastructure, especially in the area of technological diffusion and information, is likewise envisaged. Among the policy areas more closely related to new technologies, the

<sup>1</sup> See *Social Europe*, No 2/1987.

<sup>2</sup> For details, see *L'Expansion*, 20 March to 2 April 1987.

<sup>3</sup> *Le Monde*, 25 April 1987.

<sup>4</sup> *Le Monde*, 19 and 20 April 1987.

<sup>5</sup> 'Contenu du travail et aides publiques à l'innovation', Rapport au CES, *Journal Officiel*, 5 November 1986.

following can be mentioned: the establishment or strengthening of infrastructure for technological development, such as technological centres, centres for the development of internal areas of low industrialization, and information technology centres, with the aim of developing programmes and industrial applications of IT; a 'training programme for young technicians for industry', offering specialized training in new technologies, entrepreneurial management and energy management; a programme to finance R&D projects presented by universities and research centres in association with industrial enterprises, and having an industrial orientation; support for new-technology-based small and medium-sized enterprises to engage in the manufacture of new products in technology-intensive areas, and for the application of new manufacturing processes. Many of these projects fit into European Community programmes and will thus be supported by Community funds.<sup>6</sup>

Finally, a fund to support young managers' initiatives (FAIJE) was set up in 1986, jointly financed by the government, a bank and the Portuguese-American Foundation for Development. The aim is to participate in the launching of new companies created by young people. The 100 or so applications submitted in the first year concerned initiatives in food processing, services and new technologies.

A number of recent publications, including an OECD report on Spanish innovation policy, provide an assessment of the R&D system in Spain, and of the most recent policy measures in this field, especially the law on the promotion and coordination of scientific and technological research.<sup>7</sup> Most indicators show remarkable progress in the country's R&D efforts: R&D expenditure, which was only 0.23% of GNP in 1970, had gone up to 0.47% by 1983; research personnel was 0.46% of the working population in 1970, but more than 1% in the 1980's. However, when compared with the other OECD countries, these data show the distance which still separates Spain from its more advanced industrialized partners. Other indicators

point to not very satisfactory results of these efforts: the decline in the number of patents in the last few years, the growing deficit in the balance of trade for high-tech products, the very high deficit in the technological balance of payments. While the OECD report makes a positive assessment of recent legislation and scientific and technological policy measures, some weaknesses are equally pointed out, namely the inadequacy of scientific and technological infrastructure, the lack of a coordinated network of decision-making centres, the essentially administrative nature of the measures aimed at promoting innovation, the inadequate development of training and support measures for young entrepreneurs. A publication of the Spanish Ministry of Education and Science, 'Science and technology: An opportunity for Spain', should also be mentioned: it gives an overall view of science and technology in Spain, covering legislation, main research centres, organization and resources in the public sector, an analysis of research and development in companies, a comparison of the Spanish system with that of other countries, and an overall assessment of Spanish science and technology policy over the past four years.<sup>8</sup>

In the Netherlands, the Advisory Commission on Technology Policy (or Dekker-Commission after the name of its chairman), established to advise the government on technology policy,<sup>9</sup> produced in April 1987 its report 'Wissel tussen kennis en markt' ('Exchange between knowledge and market'). Two main policy lines are proposed in the report: the first is the decentralization of both decision-making, in the framework of central policy lines, and of policy implementation towards regional centres; the second is more openness to market forces in education and training, and in the selection of researchers and of topics for research. At central level, a permanent Advisory Council for Technology Policy should be established, as well as a special agency under the Ministry of Economic Affairs for the implementation of this policy. At decentralized level, a network of regional advisory centres should ensure dissemination of knowledge, in coordination with technol-

ogy institutes, and be responsible for smaller projects. The Advisory Council will give advice, among the other matters, on the tasks of technology institutes, while top-level research and education should be concentrated in special centres of excellence, in which the business sector can participate directly or through contract research. As far as programmes are concerned, the report recommends the continuation of ongoing programmes for microelectronics, biotechnology and new materials, focusing more on business needs. In education, institutes for further and higher education should have the option to attract trainees from the market for retraining, to be organized with the cooperation of the two sides of industry on a branch basis. Flexible methods of steering the inflow to technical education are also recommended.

Still in the Netherlands, the Organization for Technology Assessment (NOTA) was established at the end of 1986<sup>10</sup> with the tasks of: preparing an annual programme of technology assessment studies and activities; carrying out the programme once it has been approved by Parliament; providing inputs for the decision-making process; helping to establish TA infrastructure. Three main theoretical approaches towards technology are present in the Netherlands in the various political parties and social groups: those who from a 'progressive/technocratic' point of view are interested in technology assessment as an element of strategic science & technology policy; the 'conservatives' who are concerned about social disinte-

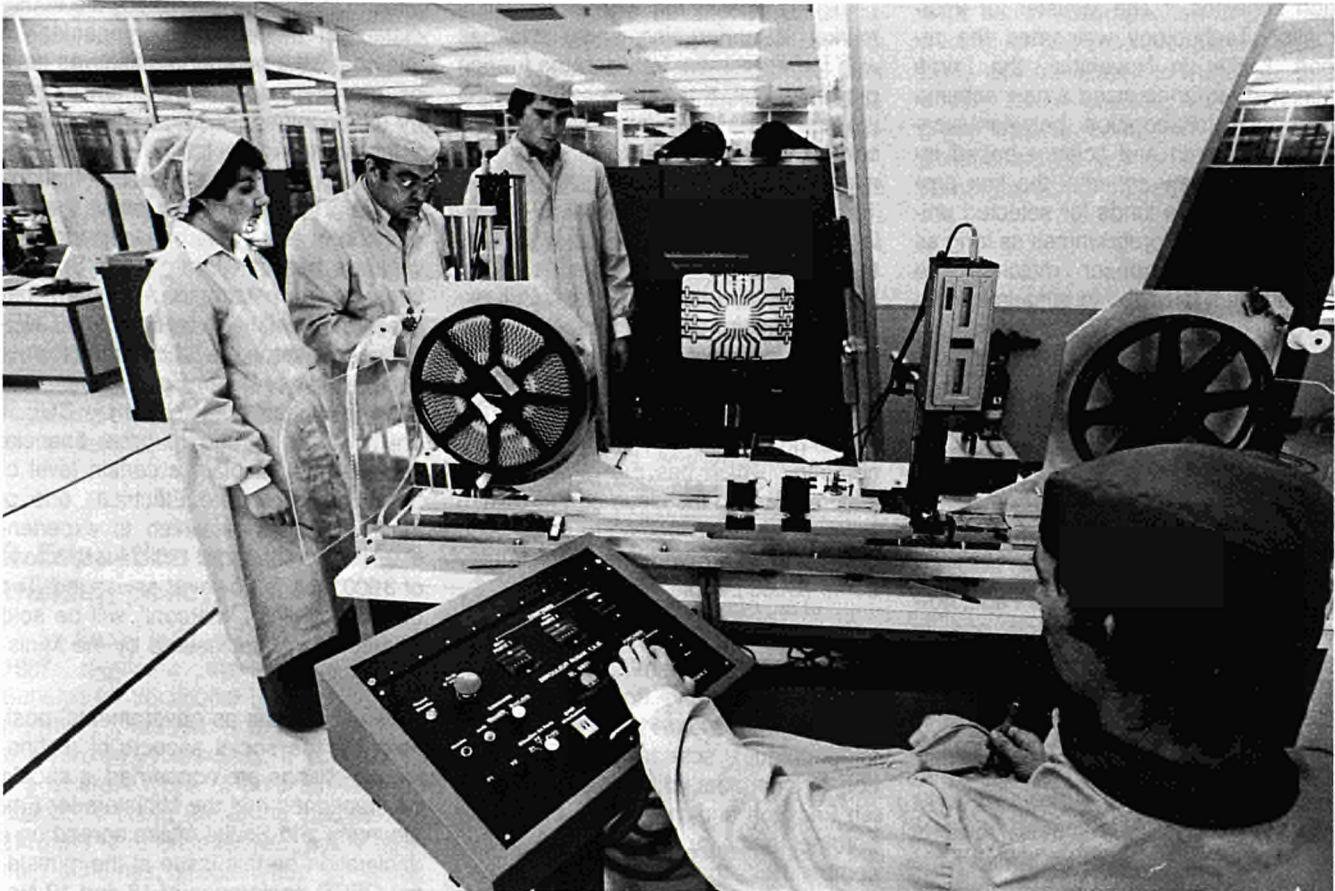
<sup>6</sup> Ministerio da industria e comercio, *Pedip — Programa Especifico do Desenvolvimento da Industria Portuguesa*, Lisbon, 1986.

<sup>7</sup> Instituto nacional de estadística, *Estadística sobre les actividades en investigación científica y desarrollo tecnológico*, 1982/83, Madrid, 1986; OCDE, *Indicateurs de la science et de la technologie*, No 2, Invention et compétitivité, Paris, 1986; OCDE, *Examens des politiques de l'innovation, Espagne*, Paris, 1986.

<sup>8</sup> Munoz, M., Ornia, F., *Ciencia y Tecnología: una oportunidad para España*, Madrid, Ministerio de Educación y Ciencia—Aguilar Ediciones, 1986.

<sup>9</sup> See *Social Europe*, No 2/1987.

<sup>10</sup> See *Social Europe*, No 2/1987.



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gration and want to control science & technology and its impact by regulation and/or a call for social responsibility; the 'radicals' who criticize negative impacts and push for alternative technologies. All three groups share the idea that technological development should not be left to the free forces in society and are thus interested in technology assessment from different standpoints. The establishment of NOTA is the outcome of a debate which started as far back as the 1960s; in the early 1980s a declaration of intent of the government and a request from Parliament for a policy memorandum led to the decision to institutionalize TA activities.

The assessment of performance in research and development was the subject of a number of reports also in the United Kingdom. First, a report carried

out for the Advisory Board for the Research Councils (ABRC) has found evidence that the US, France, the Federal Republic of Germany and the Netherlands all give more government support than the UK for academic research per head of population.<sup>11</sup> Early in 1987, the House of Lords Select Committee on Science and Technology published a report on civil research and development.<sup>12</sup> The report was critical of the present system of funding the national R&D effort, stating that it suffered from fragmentation and lack of coordination. It called for a Cabinet Minister to take responsibility whilst a central body should coordinate public R&D. There should also be a new mechanism for funding strategic research.

In November 1986, the IT 86 Committee, set up by the Alvey Steering

Committee to examine ways to foster the UK IT industry, reported its findings. It contrasted the UK's reputation for excellent research and invention with its poor performance in turning ideas into products, and in manufacturing and marketing those products. The report called for new funding of the IT industry, jointly financed by the government and industry itself, which should go into an application scheme backing specific products, and into research to bridge technological gaps found in the applica-

<sup>11</sup> Irvine, J., Martin, B., *International Comparison of Government Funding of Academic and Academically Related Research*, Brighton, SPRU, 1986.

<sup>12</sup> *Civil Research and Development: Report of the Select Committee on Science and Technology*, London, HMSO, 1987.

tion schemes.<sup>13</sup> The Minister for Information Technology welcomed the report. Earlier in November, the Prime Minister had announced a new scheme to boost collaboration between academic research and science-based industry. The new scheme, the link project, will provide funds for selected university research programmes as long as an industrial sponsor matches the amount. It is intended to stimulate more R&D by private industry.

In Ireland, the report of the Sectoral Development Committee (SDC; a body made up of State, industry and trade union representatives), issued in April 1986, provided a major re-appraisal of Ireland's electronics industry and the government's strategies for the sector. The electronics industry, which barely existed in the country 13 years ago, now employs about 23000 people and its employment has grown further from 1982 to 1985, despite job losses in various subsectors. The main proposals of the report as concerns industrial guidelines and government policy are an increase in the number of Irish-owned electronics firms, and a move towards specialized market niches. Among the measures being implemented to meet the first objective, the establishment of the National Development Corporation (Nadcorp) aims at providing venture capital to expand and create native electronics firms. Also the business expansion scheme is designed to entice potential investors into new investment, offering taxation and other inducements to offset the risk element.<sup>14</sup> Another programme which has been operational for about two years is the IDA's (Industrial Development Authority) national linkage programme (NLP), aimed at increasing the links between multinational and indigenous companies and thereby the return on investment to the Irish economy from the multinational presence. Devised by the Confederation of Irish Industry's Federation of Electronics and Informatics Industries and operational as from July 1985, the NLP involved, 15 months later, 70 small Irish-owned firms and over 140 multinationals. While the main emphasis was initially on the electronics sector, the programme is now diversifying into other sectors.<sup>15</sup>

The shape of the world informatics market is undergoing some changes with the agreement between the French producer Bull, the Japanese NEC and the American Honeywell to create a new company of which Bull will be, in the medium term, the majority shareholder. The new company takes over all the informatics activities of Honeywell, with the exception of some activities in the USA. Following the agreement, Bull expects to become the seventh or eighth world producer of computers, in a market where concentration is growing, competition is becoming tighter and the rate of growth is slowing down. The new company, which has the rather unique feature of being the issue of a tri-continental venture, is expected to hold 7% to 8% of the world market and to employ some 16000 people.<sup>16</sup>

Still in France, the government announced its decision to sell the producer of telephone equipment CGCT (Compagnie générale de la construction téléphonique), scheduled for privatization, to a partnership between the Swedish Ericsson and the French Matra. According to the privatization law of December 1986, the foreign partner cannot hold more than 20% of equity. Several offers by large multinational telecom groups were made for CGCT, which covers 16% of the French market.<sup>17</sup>

Changes in the telecommunications sector are expected also in Spain, where the government drew up, in March 1987, the text of a bill on telecommunications, to be presented to Parliament. The main features of this bill are the following: basic services (telephone) and carrier services (transmission networks) will remain under the monopoly of the Spanish National Telephone Company, while value-added services will be left to free competition; the monopoly over the distribution of telecommunication terminals hitherto held by the Spanish Telephone Company will be abolished. If approved, the bill will thus open up a substantial part of a rapidly growing market; the government expects the market to grow by more than 50% in the next four years, and believes that the greatest part of the market will be supplied by firms which are esta-

blished in Spain, even if many are subsidiaries of multinational companies. In this context, a number of initiatives have been announced in the last few months by companies already established in Spain, in readiness for the imminent liberalization on the telecommunications market. These initiatives entail the expansion of productive capacity and joint ventures between foreign and Spanish firms. An agreement of April 1987 between the Ministry of Industry and CGE-Alcatel concerns the future of the former subsidiaries of ITT in Spain, taken over by a European holding led by CGE.<sup>18</sup> The Ministry agreed to grant financial support and maintain a certain level of orders for 'Standard Eléctrica', one of these subsidiaries which is experiencing serious financial difficulties; a loss of 3600 jobs is however envisaged. The other subsidiary, 'Marconi', will be sold to a company designated by the Ministry of Industry.<sup>19</sup>

Finally, as far as governments' positions on the social aspects of technological change are concerned, it should be mentioned that the Ministers for Employment and Social Affairs agreed on a declaration on this issue at the ministerial OECD conference of 18 and 19 November 1986. Within a general approach of facilitating the widespread diffusion and exploitation of new technologies, the declaration puts forward the need for policies seeking to ensure that any adverse consequences are mitigated by

<sup>13</sup> *The IT 86 committee report on information technology*, London, HMSO, 1986.

<sup>14</sup> Collins, A., 'Creating the second electronics wave', *Technology Ireland*, June 1986; O'Toole, A., 'A baptism of fire for Nadcorp', *Business & Finance*, 14 August 1986; Ahlstrom, D., 'Software companies need venture capital', *Irish Times*, 12 August 1986.

<sup>15</sup> Nolan, A., 'How Irish firms are forging multinational links', *Irish Times*, 14 October 1986.

<sup>16</sup> *Le Monde*, 3 December 1986; *01 Informatique*, 29 December 1986.

<sup>17</sup> *Le Monde*, 24 April 1987; *Libération*, 24 April 1987.

<sup>18</sup> See *Social Europe*, No 2/1987.

<sup>19</sup> *Cinco Dias*, 6 March 1987; 9 March 1987; 12 March 1987; 16 March 1987; special issue of *Telecommunications*, 18 March 1987; 19 March 1987; 30 March 1987; 31 March 1987; 3 April 1987.

positive adjustment measures. Such measures include training, placement and employment counselling, geographic mobility, the better identification of future employment prospects and the exploitation of the employment generating potential of technological change. While stating that the prime responsibility for dealing with the social aspects of technological change is that of employers, employees and their respective organizations, the declaration calls for the timely provision by enterprises of information and consultation regarding the impact of the introduction of new technology.

## 2. Education and vocational training policy.

In Spain, a decree of 9 February 1987 regulates the new National Scheme for Vocational Training and Employment (*Plan Nacional de Formación e Inserción Profesional*). It consists of five different types of programmes: vocational training for young people and the long-term unemployed; apprenticeship schemes; programmes for young people who did not finish their general basic education; vocational training programmes for sectors and companies undergoing restructuring; vocational training schemes for working people, the self-employed, the handicapped, migrants and other groups not contemplated in the other programmes. As part of this last scheme, special programmes are envisaged to facilitate the adaptation to changes brought about by the introduction of new technologies in the production process or to introduce new techniques of business administration; these are specifically addressed to staff employed in companies, with preference being given to companies with fewer than 500 employees, and to the self-employed. For all programmes, the possibility of reaching agreements between public administration, employers' and union organizations on the development of the courses is envisaged.<sup>20</sup>

A number of new initiatives are reported from the United Kingdom. In October 1986, the government announced

plans to set up 20 city technical colleges funded by the government with private sector sponsorship. The new schools would cater for 11–18 year olds and the curriculum would emphasize technology and design, science, mathematics and business studies. The sponsors would have to provide all the start-up money but the government would meet the running costs if it is satisfied with the proposals for staffing, equipment and the curriculum.

On the other hand, the Education Secretary announced in November that the government would establish a network of regional new technology centres linking groups of universities, polytechnics and colleges together with a strong input from employers. The new centres are intended to ease the transfer of technology from academia to commercial application. They would keep up-to-date information on new technologies; disseminate this information; provide consultancy for implementation and provide training.

The Danish Ministry of Education is planning not to continue the teaching of computer knowledge ('dataaere') in primary schools. The problems encountered in primary schools are of various types: lack of sufficiently good programmes, lack of teaching time for new subjects, and lack of knowledge on the part of teachers. It is estimated that some 40 000 teachers would have to be trained on how to use computers in education.<sup>21</sup> Computer knowledge would not be completely dropped, but rather integrated into other subjects. The issue has raised discussions, while it is pointed out that fewer pupils in the final classes of the primary schools are attending 'dataaere' courses, that several cannot get in, and that more boys than girls are attending these courses.<sup>22</sup>

A study of the situation of information technology education in the school system (*Neue Medien und moderne Technologien in der Schule*) has been carried out in the Federal Republic of Germany by the Standing Conference of State Ministers for Education. The study provided evidence of the differences in development between the various *Länder* of the Federal Republic. It con-

firms earlier assumptions that the introduction of computer education is relatively well developed in the upper secondary school classes, whereas in the lower classes computer education is constrained by lack of equipment and shortages of well-trained teachers.<sup>23</sup>

## II. The attitudes of the two sides of industry towards new technologies

### 1. Employers

Statements and recommendations on worker information on the introduction of new technology have been issued by German employers at various levels. The employers' association in the metal industry issued recommendations to the 19 100 enterprises in the sector, which employ some 3.9 million workers. The association suggests that new technology should be continuously and consistently introduced, since to do otherwise would put firms and jobs at risk. It acknowledges that some jobs may be lost as a consequence. The association recommends that management inform shop stewards about the introduction of new technology at a very early stage and give consideration to their suggestions. However, any extension of co-determination rights is firmly rejected.<sup>24</sup>

Similar principles have been put forward by the top organization of the employers' associations. It stressed that

<sup>20</sup> *Boletín Oficial del Estado*, 13 February 1987.

<sup>21</sup> 'Skoletiden for presset til også at bruge data'; and 'Lærerne mangler edb-uddannelse', *Aktuelt*, 5 November 1986.

<sup>22</sup> 'Børns edb-interesse er dalende', *Aktuelt*, 5 March 1987.

<sup>23</sup> *Frankfurter Allgemeine Zeitung*, 8 July 1986.

<sup>24</sup> *Hessische Allgemeine Zeitung*, 18 July 1986.

there are no scientific grounds for the view that new technology destroys jobs and that the present high level of unemployment is caused by technology. However, people working in firms want and have the right to know what is going to happen: early and transparent information for employees and shop stewards on planned technological innovation is considered part of the methods of modern management. This does not imply an extension of co-determination rights: in the opinion of the employers' association this is neither necessary nor reasonable, and the final decision-making must rest with management.<sup>25</sup>

Another issue of debate in the Federal Republic of Germany is working time and flexibility. Employers argue that more flexibility and diversification of employment conditions would not affect social security and helps to create jobs. To support their views, they published the results of a survey of the implementation of the Employment Promotion Act of May 1985 which allowed the employers to introduce fixed-term work contracts of up to 18 months. 73% of the firms surveyed used the legal opportunity to stipulate fixed-term contracts, and 48% of new recruits have been offered a fixed-term contract. In half of the firms which recruited, the new jobs were a net addition to employment at firm level, while in 32% of the cases they substituted for retiring employees. Thus, the employers' association concludes that the Employment Promotion Act was used to create new jobs, as opposed to having recourse to overtime.<sup>26</sup>

Opposite evidence is put forward by the trade unions: the DGB (*Deutscher Gewerkschaftsbund*) argues that fixed-term contracts tend simply to substitute for unlimited contracts, and that mainly women are affected by the new regulation. The trade union HBV (*Handel, Banken und Versicherungen*) published a survey carried out in the wholesale and retail trade, which comes to the conclusion that in 36% of the enterprises there is an increase in time-limited contracts, and that the balance of employment is clearly negative in the surveyed enterprises. The authors conclude that the expected increase in em-

ployment has not materialized, and that what has occurred is a change in employment conditions.<sup>27</sup>

Labour market flexibility is a subject for debate also in Ireland. In recent years there has been growing criticism about the possibility that employment laws might be standing in the way of increased job opportunities. However, a report published in November 1986, commissioned by the Ministry for Labour and carried out by the Survey Unit of the Economic and Social Research Institute (ESRI), shows that few employers see employment laws as a problem in recruitment. The Minister for Labour has pointed out that the evidence in the survey bore out three key points in labour market flexibility. First, employers' responses had made it clear that labour market flexibility measures on their own would not stimulate employment growth. Secondly, improving the operation of the labour market should not be viewed as synonymous with de-regulation, since any dismantling of employment protection could have the effect of destabilizing rather than improving the competitive environment in which firms operate. Thirdly, the survey results confirmed the view that the main effect of the employment protection legislation had been to encourage greater care in recruitment, rather than present any disincentive to employment.

Commenting on the survey, the Federated Union of Employers (FUE) said the evidence appeared to relate to individual pieces of legislation, while it is the cumulative effect of current employment legislation that is both time-consuming and costly. 52% of the employers interviewed in the survey said, in fact, that they would like to see amendments to employment legislation. On the other side, according to the Irish Congress of Trade Unions (ICTU), the report clearly shows that reducing the legal minimum rights of workers will not create one additional job. The ICTU called on the Small Firms Association of the Confederation of Irish Industry to end their campaign against the Unfair Dismissal Act of 1977 (which restricts the recourse to dismissals). Congress also called on the Minister for Labour to

immediately introduce legal rights and protection for part-time workers.<sup>28</sup>

In the United Kingdom, the Electronic Engineering Association which represents leading electronics companies has started an initiative calling for tax incentives to encourage research and development. Their proposals ask for a 150% allowance against pre-tax profits on all audited research and development spending. They estimate that this would provide the necessary stimulus for R&D spending which could subsequently lead to as many as 30 000 jobs being created in the sector to support new sales of 2 000 million.

Another initiative, aimed at cooperation on the promotion of new technology between small and large firms, was launched by a group of companies in the north-west of Britain. They have formed a network called Nimtech, to assist the development of small high-tech companies by identifying such companies in which larger ventures might acquire venture capital stakes. Larger companies may also wish to subcontract work to some small companies with particular skills. The new body has been granted enterprise agency status so that suscriptions can be offset against tax. Nimtech will also organize forums, establish computerized links with databases relevant to the need of its members, and establish a directory of the products, skills, capabilities and technological requirements of its members.

Another matter of concern for Employers' Associations in various countries is training and education. The Italian Confederation of Industrial Employers (Confindustria) organized in October 1986 a conference on 'Innovation, Training and Growth'. The results of extensive research into skill requirements in

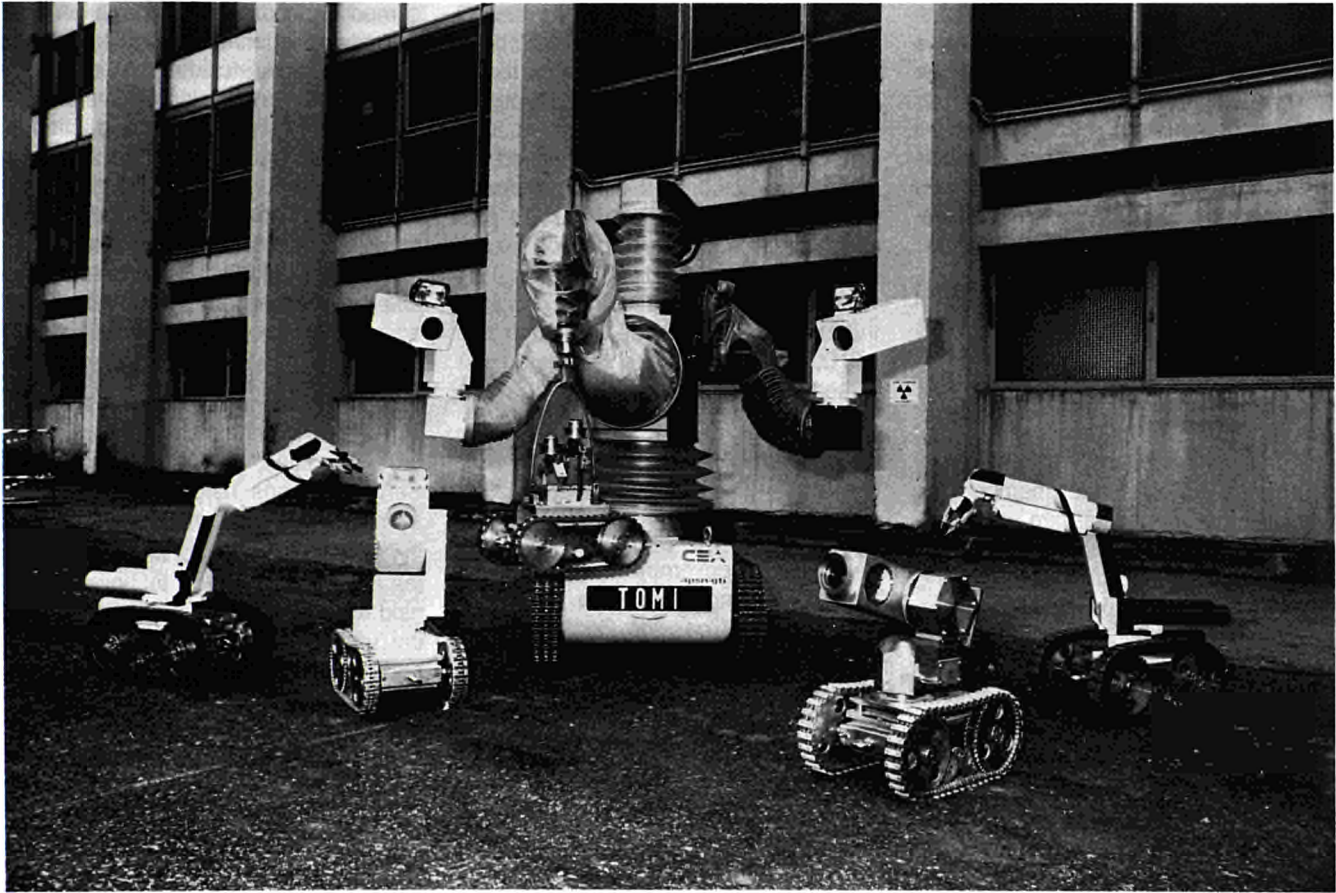
<sup>25</sup> *Frankfurter Rundschau*, 20 August 1986.

<sup>26</sup> *Frankfurter Rundschau*, 29 July 1986; and 20 August 1986.

<sup>27</sup> Buschmann, R., Schwegler, L., 'Fördert das Beschäftigungsförderungsgesetz die Beschäftigung? Eine empirische Untersuchung im privaten Dienstleistungsgewerbe' *Betriebs-Berater*, No 20, 20 July 1986.

<sup>28</sup> 'Labour law row is far from over', *Business & Finance*, 20 November 1986.





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industrial firms were presented. Data on the skill profiles of the employed workforce, turnover rates and motivations, and skill shortages were analysed in a large sample of firms. The most important shortages were reported at top managerial level; at lower levels of the labour market, shortages emerged for 'operators with multiple and composite skills' and for 'skilled installation and maintenance workers'. The conference was also the occasion for a review of vocational training institutions and policies in the country. The efficiency and quality of public vocational training structures were sharply criticized: poor quality of the courses, lack of coordination with the productive world, and obsolescence of the skill profiles provided were the most frequent complaints. However, cases of successful courses were also

reported, such as examples of complementary efforts between enterprises and local authorities leading to the coordination of theoretical and on-the-job training, to be found mainly in northern cities. The representative of the employers' confederation confirmed the availability of the enterprises towards a more effective training policy, suggesting that financial support from public funds could partly be directed at tax deductions for firms organizing training schemes, rather than at direct spending.<sup>29</sup>

Danish employers have launched a number of initiatives related to computer education and public awareness. In summer 1986 the Danish Employers' Association DA and the Association of Work Managers in Denmark (*Foreningen af Arbejdsledere i Danmark*) held

a conference on computer education, which concluded that most degree and diploma courses in computing aimed at industry and business are or will soon be obsolete. The two organizations have put forward the proposal for a new diploma course, 'systemprogrammeruddannelsen', which is expected to receive the approval of the Ministry of Education.<sup>30</sup>

For primary school children, DA published a leaflet entitled 'Job og teknik', aimed at dispelling possible fears and resistance to new technology as a potential cause of unemployment or poor

<sup>29</sup> *Mondo Economico*, 27 October 1986.

<sup>30</sup> 'Edb-uddannelsen følger ikke med', *Arbejdsgiveren*, 5 September 1986.

working conditions.<sup>31</sup> Finally, the *Industriradet* published two books meant as a contribution to public debate on the use of microelectronics and biotechnology in Danish industry. The books argue against the ideas that microelectronics technology leads to unemployment and that biotechnology leads to manipulation of human reproduction.<sup>32</sup>

The Greek Management Association founded the Greek Informatics Institute. The Institute offers a number of services to its members, such as training, information and contacts with foreign organizations. All those holding executive or staff positions and active in the area of informatics are eligible for membership. Objectives of the Institute are the development of high professional standards, the study of education and training needs, the study of specific problems in the area of informatics, the exchange of knowledge and experience, the follow-up of international developments and the promotion of the use of informatics in business and public administration.

## 2. Trade unions

The Federation of Danish Trade Unions (LO) has set up a committee to develop plans for a new structure of Danish trade unions. One of the main reasons for this work is that education to obtain the qualifications required by new technology leads to conflicts with the existing organizational structure. The committee has put forward a proposal to be implemented in three phases up to the year 1999. The new structure is meant to ensure: a strong and united trade union to counterbalance employers' organizations; solidarity in order to improve the conditions of the weakest groups; unity regardless of differences in educational background, level of employment, working conditions and sex; dynamism and flexibility for better and quicker influence over and adaptation to technological change; good opportunities for education and vocational training; and an increase in the trade union's political influence at all levels. The proposal will be discussed at the next LO congress in November 1987.<sup>33</sup>

Other matters of concern for the LO are job security and women's employment; Job security, often related to the development and implementation of new technology, was put forward as a proposal for discussion published by the LO in October 1986.<sup>34</sup> On women, the equality committee of the LO predicts that in four years technology will lead to the loss of 70 000 jobs held by women, mostly in trade and offices. Furthermore, the committee estimates that 170 000 jobs will have to be created just to keep women's unemployment at the present level.<sup>35</sup>

The Portuguese UGT (General Workers' Union) has drawn up a document proposing a 'Social agreement on modernization'.<sup>36</sup> The proposal was presented to the government and to the tripartite Standing Committee for Social Consultation (*Conselho Permanente de Concertação Social*) in November 1986, with the aim of arriving at a framework agreement to ensure that changes will not produce serious social disruption. The document covers all areas of industrial relations; as regards more specifically industrial restructuring and technological change, the UGT stresses the importance of modernizing the traditional export sector by technological change without causing massive unemployment, and of developing a technologically advanced sector of equipment goods. It considers that the introduction of new technologies does not necessarily imply the substitution of machines for labour; social and organizational innovation is believed to be crucial in determining the success of technological change, as the challenge faced by Portuguese industry is to prove able to innovate constantly, enter new sectors of production and adjust to market changes. While the UGT is prepared to negotiate forms of labour market flexibility, such as changes in the rules for dismissals, fixed-term contracts and temporary contracts, it maintains that national legislation on information and consultation on the introduction of new technologies should be passed, in order to establish the framework for collective negotiations. General rules should be laid down concerning: basic principles and duties of the parties con-

cerned; procedures for information, consultation, negotiation, implementation and evaluation, including the establishment, at different levels, of bilateral committees to monitor the introduction of new technologies; provisions on employment levels, working life and working time reduction, internal and external mobility, vocational training, wage guarantees, training of union representatives and the possibility of calling in technical advisors.

At sectoral level, the impact of new information technologies was the subject of a series of meetings organized by the Federation of Trade, Offices and Services Unions, held simultaneously in several towns in February 1987. Among the main conclusions of these meetings, the introduction of new technology was held responsible for the fact that 20% of the unemployed come from the office sector; vocational training efforts deployed by companies in order to reduce the effects of computerization were judged inadequate in the majority of cases; and it was demanded that collective agreements take into account new careers and professional profiles.

One of the main topics of debate in France in the period winter 1986-spring 1987 concerned government proposals for the reorganization of working time. The proposals, which went through a very controversial procedure and were rejected on two different occasions before being presented to Parliament as an ordinary bill of law, concern the possibility of extending the working week, introducing Sunday work and night shifts for women, whenever such changes are agreed at branch, company, or establishment level. Besides

<sup>31</sup> 'Job og teknik', *Arbejdsgiveren*, No 11, November 1986.

<sup>32</sup> Dansk Industri, *Ny teknik i dansk industri*, October 1986.

<sup>33</sup> 'Skæbnetime i struktur-sagen'; and 'Strukturen ændres gennem tre faser', *LO-bladet*, 9 April 1987.

<sup>34</sup> 'Tryghed og sundhed', *Fagbladet*, No 18, October 1986.

<sup>35</sup> *Weekendavisen*, 3 October 1986.

<sup>36</sup> Uniao Geral de Trabalhadores, *Bases para um Contrato Social para a Modernizacao*, Lisbon, 1986.

the procedural aspects, the criticisms of all trade unions focus on three main issues. First, the underlying approach of allowing a lengthening and intensification of working time is criticized; secondly, the unions disagree with shifting negotiation on these issues to lower levels (enterprise and establishment), while the Minister sees 'negotiated flexibility' as a means of improving firms' competitiveness; thirdly, the opponents question the appropriateness of abolishing the ban on women's night work when women's employment is affected by much more serious problems; moreover, the bill of law would conflict on this last issue with an ILO Convention ratified by France in 1953. However, a few agreements have already been signed both at branch and at enterprise level, modifying the time period during which women's night work is prohibited: one of these agreements concerns a banking institution and is linked to the introduction of informatics service.<sup>37</sup>

Reduction of working time and job sharing continues to be the main claim of the Dutch trade union *Industriebond FNV*, although the objective of 36 hours a week was not achieved in the 1986 negotiations. Even what was obtained in the last agreement for the metal sector, i.e. a special fund to subsidize concrete initiatives of reduction of working time and job sharing, does not appear to have given rise to many experiments. On the contrary, various reports and surveys suggest that the agreed reductions of working time are far from being generally implemented in actual practice. LTD (*Loontechnische Dienst*, Ministry of Social Affairs and Employment) reports that 24% of firms with under 100 employees do not apply reductions in working time in any form, although most are in principle bound by agreement to do so. According to the business organization EIM (*Economisch Instituut voor de Middenstand*), the same is true for 60% of firms with less than 20 employees. In larger firms, the application of agreed reductions of working time is more widespread. However, there are many exceptions to the rule, particularly as regards employees with specialist skills and managerial tasks. A variety of

alternative arrangements are reported from firms in different sectors, ranging from the outright postponement of implementation of the agreed working time reduction, to using it for education and training activities. As a result, the unions of medium-level and top employees oppose the FNV claim for working time reduction, arguing that it would be meaningless in present conditions.

In the Federal Republic of Germany, a member of the board of the DGB (*Deutscher Gewerkschaftsbund*) produced an initial assessment of work organization with flexible manufacturing systems, based on the first ongoing experiences. He came to the conclusion that the new systems are organized on very tayloristic lines. The skills of employed workers improve only marginally, if at all. Moreover, qualifications focus only on the special requirements of particular jobs.<sup>38</sup>

### 3. Collective agreements and labour disputes

The year 1986 saw the renewal of most collective agreements in Italy, which all contain some clauses on worker information and consultation on new technologies.<sup>39</sup> The agreement for the largest industrial branch, i.e. metal and engineering workers in private firms, was signed in January 1987. It introduces a new provision on information rights, i.e. the establishment of a national databank, jointly promoted by trade unions' and employers' federations and run by an independent consulting body, which will provide a non-controversial set of information to both parties. A conference will be organized every year on overall trends in labour demand, on the basis of the information thus made available. At enterprise level, the right of local unions to receive preliminary information is confirmed in all cases in which a firm employing more than 500 workers intends to introduce innovations having important implications for work allocation and work organization. The reduction in annual working time, which was the most controversial issue in the renewal of the agree-

ment, will be implemented only in 1989 and will amount to 16 hours. The details as regards the implementation of this reduction are left to agreements 'at local level. A reduction in working time was obtained also by the employees of commercial banks (some 230 000 people), in the national agreement signed in December 1986. A 25-minute reduction in the working week will be accompanied by a lengthening of bank opening hours, which will entail shifts and organizational changes. Overtime and other changes in working time can be demanded by banks for 10% of the workforce at any one time, by giving 20 days notice. As far as information rights are concerned, preliminary information will be supplied by the banks in all cases of innovation and reorganization; however, the unions have been warned that the acceptance of a certain degree of inter-branch mobility will be required, in view of the prospect of massive reorganization processes in the largest banking institutions.

The Belgian trade union FGTB (*Fédération générale du travail de Belgique*) carried out an assessment of the implementation of Collective Agreement No 39, signed in December 1983 and concerning worker information and consultation on the introduction of new technologies. Based on a survey of 465 industrial firms in the private sector employing more than 50 workers, the study was carried out by IRTE/RIAT (*Institut de recherche sur le travail et l'emploi*), the research institute of the trade union.<sup>40</sup>

In two-thirds of the surveyed firms, new technologies having an impact on employment, work organization, working conditions and qualifications have been introduced in the reference period of the survey (1985–86). The following percentages refer to this sub-group, which qualified for the application of Agreement No 39. The main provisions of the collective agreement concern informa-

<sup>37</sup> *Le Monde*, 5–6 April 1987; 14 and 15 May 1987.

<sup>38</sup> *Wirtschaft und Produktivität*, No 9/1986.

<sup>39</sup> See *Social Europe*, No 2/1987.

<sup>40</sup> *Enquête sur l'application de la CCT No 39 dans les entreprises belges*, IRTE asbl, Brussels, 1987.

tion and consultation: however, only in 33% of the cases have workers been informed according to such provisions, i.e. at least three months before the introduction of new technology; in 44% of the cases the delay was not respected; and in 23% of the cases the information was not provided at all. The initiative of informing the appropriate body (Works Council, Health and Safety Council or union representatives) came from the employer in 56% of the cases; in the other cases the union had to intervene in order to obtain the implementation of the agreement. Information concerned the economic justification for the introduction of new technologies (87% of the firms); the impact on employment (52%); the changes in work organization (42%); health and safety (36%); qualifications and training (36%); and the wage scale (20%). As far as consultation on social consequences is concerned, the prescribed procedures have been implemented in 68% of the cases, the Works Council being the most common forum for consultation. In the majority of the cases the employer initiated the procedures, based not always on Collective Agreement No 39, but also on a previous agreement (CCT No 9) and on a government decree of 1973; otherwise, the trade unions had to demand the implementation. Consultation concerned the economic conditions of the firm (in 80% of the cases), employment (75%), work organization (53%), working conditions (46%), health and safety (44%), and qualifications and training (42%). Not in all cases did consultation lead to concrete results: agreement was more easily found on matters of retraining and working conditions than on employment. On the other hand, in 23% of the firms consultation had an influence on the design of the automation process.

Where the collective agreement was not implemented, the reasons were to be found either in a refusal by the employer, or in a lack of agreement between the parties on the definitions of 'new technology' and 'social consequences'. The conclusions of the FGTB following the survey are that Collective Agreement No 39 is not sufficiently precise to be an effective tool of industrial

relations, although it has been useful for mobilizing both employers and workers on the issue of new technologies. Moreover, consultation is found to have been mostly defensive from the union's point of view, in so far as it primarily concerned the means to face negative social consequences. Finally, the need for workers' representatives to be assisted by external experts in negotiation is pointed out, while Collective Agreement No 39 does not contain any provision to this end.

The Belgian public sector is not covered by Collective Agreement No 39. However, discussions took place in the early months of 1987 on the appropriateness of signing a similar agreement for civil servants. The unions representing civil servants, namely the CGSP (*centrale générale des services publics*, member of FGTB) and the FSCSP (*Fédération des syndicats chrétiens du secteur public*, member of CSC) have put forward their own proposals, which include preliminary information to any decision to be taken, consultation on the objectives and means of all computerization or automation programmes, and the negotiation of the implementation of such programmes in each public service.

The positions of CGSP are stressed further by an article of its national chairman, recently published together with the proceedings of a colloquium organized by the union in November 1985 on the introduction of new technology in public administration.<sup>41</sup> Three main aims are put forward: first, that productivity gains should be used to improve the quality of services, to enlarge the range of activities of the public sector, to improve working conditions and reduce working time; secondly, that a framework agreement should be negotiated concerning not only the consequences of information technology, but also the aims, the projects, the human and material resources and their implementation; thirdly, that technological change should be accompanied by an effort of socio-cultural adaptation, through continuous education on social problems.

Still in Belgium, a number of sectoral agreements on the introduction of new

technology were recently signed. One is rather unusual in so far as it was signed by 'management' and 'unions' of one of the main trade unions in the country, the CSC (*Confédération des syndicats chrétiens*). It contains rather innovative clauses, such as the establishment of a permanent working group with equal representation of the two parties concerned, having access to the details of all computerization projects; consultation of the union delegation before any decision is taken; data protection for personal data, while the prior agreement of the union delegation is required in order to be able to use information technology to monitor performance; finally, employment security for those already in work.

The collective agreement for the clothing sector contains some provisions concerning the introduction of new technology, including the establishment of a bipartite centre for technology and training, which will assist firms with their technical and training problems; and the broadening of the provisions already included in the previous agreement of 1976. Existing information rights on technical innovation having repercussions on productivity and work organization have been strengthened by the obligation for employers to supply written information on all investment decisions aimed at raising productivity and on the foreseeable social consequences. 'Trade union technicians', created in 1976 to assist union representatives, have had their tasks enlarged under the new agreement to include the assessment of social consequences and the preparation of possible negotiation on training, worker reallocation and social measures.

The press continues to be an issue for industrial relations. In some cases, positive outcomes are achieved, while in other cases long disputes end with no tangible results. In Belgium, a framework agreement on direct inputting in

<sup>41</sup> Nachtergaele, E., Vandermeeren, J. C., Piton, R., Deceuninck, W., Ackaert, J., Pirson, R., Mazy, J. L., *Nouvelles technologies, administration et syndicats*, *Socialisme*, No 199, January/February 1987.

daily newspapers was signed in November 1986. The agreement is the result of tripartite negotiation between the employers, the two printing workers' unions, and the professional association of journalists. The negotiation on the introduction of direct inputting will take place in tripartite working groups, to be set up in each newspaper. The management will provide, as early as possible, information on the new system and an assessment of its consequences for employment, work organization, work content, qualifications and industrial relations. Direct inputting can be introduced only if agreed to by all parties concerned; moreover, an 'employment plan', revised annually, will ensure the forward management of the necessary changes, including worker reallocation. On the basis of the agreement, all journalists and technical workers having an indefinite contract are granted an employment guarantee; they may be assigned to different duties in the newspaper in the framework of the employment plan. Earnings are also guaranteed, even when the workers are assigned to different duties. All matters concerning employment guarantee, the implementation of the employment plan, training and worker reallocation will be discussed and settled in the tripartite working parties.

Likewise in the press but in Ireland this time, a joint committee representing Dublin newspaper managements and unions published in September 1986 an approved report stressing the need for new technology and setting out the broad principles under which the changes should be introduced. The Joint Committee on Developments in the Newspaper Industry analysed the many problems affecting the Irish press (decline in circulation, import penetration, falling advertising revenue, antiquated work practices) and came to a number of conclusions on the need to improve the attractiveness and cost competitiveness of the products. The introduction of new technology will be an important contributor to this improvement; in this respect, the committee stresses the need for training, retraining and redeployment, which will enable the

industry to retain the optimum number of employees and to offer them enhanced and rewarding careers. The committee agrees that the only way the industry can succeed is by the adoption of a joint approach which fully recognizes both the changing competitive environment with its demands for competitive cost structures and the social consequences of change for all its employees; it envisages that during a transitional period job numbers in the industry will decline, but it believes that overall employment may increase again, once cost-effectiveness is achieved.<sup>42</sup> The only press group which was left out of the Joint Committee was the Irish Press Group, which is running its own programme of introduction of new typesetting equipment and of cost cutting. The results are below expectations; management has granted a four-year monopoly over the inputting of copy to the computer system to the Irish Print Union; however, the workforce has been denied various pay increases awarded in the other national newspapers.<sup>43</sup>

Also, the State-owned broadcasting company RTE (Radio Telefis Eireann) is running its programme of computerization of news operations, by installing terminals at its headquarters and linking in six regional studios. One of the facilities it plans to offer are portable computers that journalists can carry with them. The computerization at RTE has taken place with minimum disruption: only two employees were affected. A productivity deal with the National Union of Journalists agreed in 1979, which loosened the task demarcation boundaries, paved the way to computerization. A further productivity deal regarding computerization was negotiated in 1983.<sup>44</sup>

Finally, the longest-running dispute in the press, i.e. that at News International in the UK<sup>45</sup>, ended in February 1987 in a rather inconspicuous manner. In the last months of 1986, since both unions concerned (NGA and Sogat) had voted against its compensation offer, News International offered the compensation terms to individuals, but failed to obtain acceptance by at least 51% of the sacked workers, in which case it would have declared the dispute over. In

January 1987, News International obtained writs for damages against the two unions which, added to the previous writs already obtained by the publisher and to the threat of sequestration of funds for breach of a High Court injunction, put the two unions in very serious financial difficulties. Thus Sogat's executive voted on 5 February to put an end to the year-long dispute by withdrawing pickets and ending demonstrations outside the Wapping plant; NGA did the same more reluctantly the next day. News International dropped its legal actions against the two unions and reopened its offer for compensation to sacked workers. Thus, in the end, the two unions accepted the financial settlement which they had long refused, while dismissals and technological change have been settled at the publisher's will.

Meanwhile, the printing unions have been involved in other settlements. An agreement signed by the two unions, together with the Amalgamated Engineering Union (AEU) and a Bristol packaging firm, DRG cartons, includes the possible reduction in wages for the lowest-paid employees to protect jobs. Wage reduction is optional for those already in employment (who would receive in return a one-off tax-free payment), but will be the rule for any new recruits taken on as a result of labour turnover; it applies to the lowest-paid process workers, who are mainly female. Other parts of the package provide for a 12-month wage freeze, voluntary redundancies, changing work practices and agreed productivity improvements plus other cost-saving initiatives.

The *Daily Telegraph*, after having got print unions to agree to a 60% reduction in manpower<sup>46</sup>, is trying to secure substantial redundancies amongst the pre-

<sup>42</sup> 'Newspapers, unions agree on policy for new technology'; *Irish Times*, 2 September 1986; Fitzgibbon, F., 'Newspapers bosses in dinosaur dance', *Irish Business*, October 1986.

<sup>43</sup> Ridgeley, P., 'Spiderman in danger of running out of web', *Irish Business*, October 1986.

<sup>44</sup> O'Carroll L., 'RTE brings a computer network into the news-gathering process', *Technology Ireland*, September 1986.

<sup>45</sup> See previous issues of *Social Europe*.

<sup>46</sup> See *Social Europe*, No 2/1987.

press workforce. This includes people working in the composing room, and clerical and maintenance workers. Following the announcement of the measures, journalists withdrew their cooperation in the use of new technology and rejected a pay offer. They claimed that the reduction in pre-press staff would result in their having to work 15% more hours.

Another major dispute arose in the telecommunications sector, between the privatized British Telecom and the National Communications Union (NCU). Eight months of negotiations on pay and conditions broke down in January 1987. Industrial action began with an overtime ban and work-to-rule but quickly escalated into an all-out strike once workers were sent home for refusing to work overtime. The strike lasted 16 days and ended with an agreement for a two-year pay and productivity deal. Under the terms of the deal British Telecom will be able to introduce the main changes it was seeking in working practices, although it has dropped several of its proposals, including a 45-minute extension to the working day. The 1986 pay offer is tied to the implementation of efficiency measures while the pay offer for 1987 is unconditional. The engineers wanted pay and efficiency measures to be treated separately.

Independently of the dispute, British Telecom have stated that they expect to shed labour at the rate of 5 000—6 000 jobs per year over the next few years and that the rate of job losses could subsequently speed up. Job losses could be achieved merely through efficiency gains. However, a report from the stockbrokers Wood Mackenzie suggests that BT will have to shed some 70 000 jobs by 1992. Losses would occur in three areas: engineers, due to the introduction of digital equipment; clerical workers, due to the computerization of customer service; corporate and procurement functions, through streamlining and increased efficiency.

Nevertheless, efficiency gains do not seem to have determined major improvements, at least for the time being, in the quality of services. Two separate

surveys have found that British Telecom's services are generally unimproved since it was privatized. A report by Oftel (the Office of Telecommunications, the regulatory body for the industry) revealed that failure rates in domestic telephone calls are at the same level now as 17 years ago; and that 72% of people believe that there has been no change in services since privatization.<sup>47</sup> In a separate survey of large companies, two-thirds of companies thought that BT's services had stayed the same or had deteriorated since privatization.<sup>48</sup>

Massive labour displacements are being generated by technological change also in the Portuguese telecommunications sector though, in this case, in the production of telecommunications equipment. Centrel — *Automática Eléctrica Portuguesa* —, which manufactures telecommunications exchanges, is undergoing a process of restructuring which implies an 80% reduction in employment levels in two years. 1 976 workers out of a total of 2 449 are expected to be made redundant by the end of 1988, as a consequence of the reconversion from electro-mechanical to digital switching. Trade unions and workers' representatives are opposing the plan; they demand job maintenance and suggest that new markets should be found for electro-mechanical exchanges, rather than scrapping them.

Another, albeit less well-known, sector where technological change is accompanied by significant job losses is shipping. A strike in the Dutch port of Rotterdam in January 1987 put in evidence problems that are common to other European ports. Containers have been rapidly replacing other forms of shipment, such as unpacked loads and pallets (in Rotterdam, 64% of loads were in containers in 1985, as opposed to 37% in 1975), which implies a substantial reduction in labour requirements, and competition between European ports is fierce. Work organization is quite complex: in Rotterdam, the stevedore companies (SHV) have for a long time hired workers from a pool (the SVZ), while workers who are not hired receive stand-by wages, largely subsidized by the State. A 1985 agreement

signed by the Transport Workers' Union and SHB guaranteed jobs up to 1991 for the 4 600 workers in the pool. In January 1987 some of the SHV member companies decided to reorganize their activities; the SHB broke the agreement and envisaged job reduction in the pool by 350 in 1987 and a further 450 in the coming years. The counter-proposals of the union were early retirement and extra days of leave for workers over 55, besides a wage rise. As these proposals were refused, the unions went on strike, which lasted eight weeks, until a court decision suspended the dismissals. The problem is far from being settled, as employers demand, in addition to the dismissals, more flexible work rules, while the Ministry of Social Affairs has decided to reduce State subsidies to stand-by wages.

In the Federal Republic of Germany, the union of public service and transport workers (*Öffentliche Dienste, Transport und Verkehr*) arrived at an agreement with representatives of the public administration, after five years of negotiations, on employment guarantees in the event of technical rationalization. According to the agreement, employers will be obliged, in all cases of technical rationalization, to continue individual employment contracts and to offer equivalent jobs to the employees concerned. A wage guarantee is also provided.

Several strikes broke out in Spain in the first months of 1987; they mainly concerned companies in the public sector and providing public services. While the general union elections of the last months of 1986 strengthened the leading positions of the two big national unions (UGT and CCOO), collective bargaining has been characterized by the lack of agreement on the renewal of the tripartite Social and Economic Agreement, expired in December 1986. The ground for contention is the ceiling on wage and salary increases. As all interest focuses on wage issues, the introduction of new technology has for the time being become a secondary issue,

<sup>47</sup> *Quality of telecommunications services*, Oftel, 1986.

<sup>48</sup> *BT Survey*, National Utility Services, 1986.

not even mentioned in the local agreements which have meanwhile been signed.

In Denmark, while the two-yearly negotiations on wages and salaries which took place in spring 1987 concentrated on pay and working time reduction, some conflicts emerged between the two unions of EDP workers. Samdata (the computer division of the National Union of Clerical Workers) and Prosa (EDP Workers' Trade Union) are in competition for the representation of interests of the occupational group, and Prosa claims that the result of the negotiations shows that it can secure its members higher wages than Samdata.<sup>49</sup> Meanwhile, a strike by EDP workers broke out in Danmarks Statistik (the National Statistical Bureau). The EDP workers, organized by Prosa, demanded a higher salary increase than that granted to the public sector. Last year 40% of the EDP workers in the Statistical Bureau quit for better paid jobs elsewhere. The problem is common to other public sector employers.<sup>50</sup>

On the issue of health and safety in working with screens, the Danish National Union of Clerical Workers HK obtained in December 1986, after some negotiation, the assurance that the new visual display terminals to be bought for central government departments would be of the low radiation type.<sup>51</sup> Meanwhile, still in Denmark, a bill of law tabled by the *Venstresocialisterne* party on the use of visual display terminals at the workplace was not passed by Parliament. The proposal would have prohibited distance work and introduced improvements in the working environment and in employees' education and information. The government declared that the proposal concerned a matter already dealt with in the legislation on working environment and in collective agreements.<sup>52</sup>

### III. Studies and research on the social effects of new technologies

#### 1. Diffusion of information technology

The Danish Diane Center made a survey of the international use of data bases. It found that there are at least 1 500 hosts for approximately 10 000 data bases, with a 25% annual increase in the use of this facility. The Danes constitute about 2.5% of the number of European users. However, although there are 15 national hosts and about 30 Danish-produced data bases, the Danes use foreign data bases much more than foreigners use Danish data bases. This is seen as a serious problem.<sup>53</sup>

The number of Italian firms engaged in the production of robots is increasing; at a conference to present the implementation phase of the National Research Council project on robotics, held in Milan in December 1986, the number of producers was estimated at 50, as compared with 42 in 1984. Some 2 600 robots are utilized in industry in various applications. The car industry is the main user, with a 30% average annual growth in the number of machines installed.

A recent Spanish study of the engineering sector<sup>54</sup> provides, among other things, some quantitative information and qualitative opinions on the use and possible evolution of information technologies in engineering firms. The study found that computers are not used to a very large extent, although their utilization is growing (as an example, 34 computers and 16 CAD systems were found in the 103 companies which made up the sample; the number of mini and microcomputers was much greater). Moreover, new technologies do not always appear to rank high in the priorities and criteria of engineering firms. However, information technology activities and products are considered

among the most important new areas to develop in relation to market demand. Finally, the attitude of staff towards automation and computerization is favourable.

Greek imports of computer equipment increased at an average annual rate of 45% from 1982 to 1985. Most of the increase is attributable to the nine-fold growth of imports of central processing units. 74% of Greek imports of computer equipment in 1985 came from the EEC, 2% from Japan, and the remainder from other countries. The share of EEC countries had remained unchanged since 1982.

#### 2. Employment

A detailed survey of the uses of industrial robots in the United Kingdom has been published by the Policy Studies Institute.<sup>55</sup> On employment, the report concluded that net direct reduction in employment attributable to robots is only about 700; some three-fifths of factories reported no jobs lost as a direct result of robot introduction. However, there are insufficient numbers of production engineers to cope with robots and training is inadequate to cope with the problem. Only 2% of robot users

<sup>49</sup> 'edb-folk utilfredse', *Weekendavisen*, 21 January 1987.

<sup>50</sup> 'edb-folkene flygter fra statsjob', *Weekendavisen*, 25 April 1987.

<sup>51</sup> 'HKs statsansatte vil forlange lavstrålings-skærme', *Berlingske Tidende*, 29 September 1986; 'HK skærper holdningen til indkøb af skærme', *Berlingske Tidende*, 10 October 1986; 'Nu sættes der grænser for skærmstråling', *Aktuelt*, 4 November 1986; 'EDB-strålerne skal fjernes', *Aktuelt*, 5 November 1986; 'Vi bliver forsøgsdyr', *Aktuelt*, 26 November 1986; 'Nye krav til dataskærme', *Morgenposten*, 28 December 1986.

<sup>52</sup> Proposal B13: 'Forslag til Folketingsbeslutning om anvendelse af skærmterminaler på arbejdspladser', 15 October 1986; and transcript of discussion in Parliament, 2/3 November 1986.

<sup>53</sup> *Børsens Nyhedsmagasinet*, 27 March 1987.

<sup>54</sup> *Estudio del Sector de Ingeniería Española. Situación en 1985*, Aseince (Asociación Española de Empresas de Ingeniería y Consultoras), Madrid, 1986.

<sup>55</sup> Northcott *et al.*, *Robots in British industry: expectations and experience*, Policy Studies Institute, 1986.



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met problems with worker opposition to robots; almost 20% said that industrial relations improved following their introduction. There are problems with reliability (25% of users found problems with maintenance), with payback (minimum profitability is not usually achieved until several years after introduction) and with installation costs. Many potential users are unaware of government support for consultancy and purchase of robots.

Again on robots, the Ministry of Research and Technology (BMFT) of the Federal Republic of Germany disclosed some data which point to the positive effects of robots on employment. Employment trends in the different sectors are positively correlated to the utilization of robots. Thus, the car industry, which uses about 60% of all robots in the

country, created 34 000 new jobs between 1983 and 1985, a 4% increase. Employment increased by 5.5% in the electrical goods sector, which uses 12% of all robots. Even the downward employment trend in mechanical engineering (which uses 10% of all robots) was reversed in 1985, when the industry created 20 000 new jobs. Overall, 125 000 new jobs were created in the period under consideration in the industries which altogether use 90% of robots in the country. It should be pointed out that these industries are among those with the highest growth rates nationwide.<sup>56</sup>

At macroeconomic level, nevertheless, growing capital intensity is accompanied by a decline in employment. An analysis of the German Federal Agency

for Statistics (*Statistisches Bundesamt*) provides some data on this issue for the period 1970 to 1985. Capital input increased by 73% in real terms in the period under consideration, while employment decreased by 11%. Compared with 1970, one unit of gross product required, in 1985, 26% more equipment and 35% less labour. Although important differences are recorded between sectors, the agency concludes that a substitution of capital for labour has taken place.<sup>57</sup>

The Italian official research institute entrusted with carrying out surveys of economic trends, ISCO, published a report on 'Labour flexibility and employ-

<sup>56</sup> *Frankfurter Rundschau*, 21 June 1986.

<sup>57</sup> *Frankfurter Rundschau*, 8 August 1986.



ment', which is part of coordinated research in EEC countries on future trends in industrial employment and the effect of measures aimed at greater flexibility. For the Italian part, some 1 500 industrial firms employing in total some 600 000 workers participated in the survey. Notwithstanding the sharp reduction in employment which has been recorded for at least five years, 70% of the firms forecast a further important reduction in the near future. Among the factors impeding a higher level of employment, the inadequacy of final demand ranked first, followed by insufficient flexibility of the labour market. This refers to hiring and firing procedures; the present regulation of working time is considered satisfactory by the majority of firms, which do not ask for an extension of part-time or other new patterns of work arrangements.<sup>58</sup>

A study by the Danish Institute for Futurology (*Institutet for Fremtidforskning*) forecasts that by the year 2000 there will be a shortage of 170 000 semi-skilled workers. This scarcity is mainly due to the fact that young Danes are no longer satisfied with a life as semi-skilled; instead, they want a higher level of education. Moreover, in-service training will have to be substantially increased, according to the report.<sup>59</sup>

A few research reports and articles on employment in information technology sectors have been published in Greece. One report on the effects of information technology on employment in 'Ergobank' published by the financial daily *Kerdos*, points out that employment in the bank levelled off in 1982 with the introduction of computers, while the number of deposits per employee continued to increase. The manager of the EDP department estimates that 300 new jobs would have been created, had informatics not been introduced. Another study carried out by a sociologist on employment conditions of women in banks observes, first, that 50% of the persons working in informatics in Greece are employed by banks. Of these, 31% are women. Women account for 11% of programmers, 10% of operators, and the totality of data entry personnel.

Finally, a study of EDP centres revealed that 2 452 persons were employed in these centres, of which 37.7% were men and 62.3% women. University graduates account for 18.8% of total employment, the others having either secondary or vocational school certificates. The high proportion of women is reversed at the higher education level: they are only 23.2% of those with a university degree.

In Ireland, according to the National Software Centre, there are about 300 companies involved with software, half of which would be considered serious software developers. They employ about 3 000 people. The majority are small, indigenous outfits, although recently a number of multinationals have opened software centres. There are a number of factors inducing multinationals to locate software centres in Ireland, besides low taxation: one particularly important factor is the availability of young people highly educated for the industry. For instance, a number of arrivals from the UK were influenced by the fact that the labour market in the software industry around London became tighter when, in preparation for the Big Bang in the City of London, software companies found their staff being siphoned off by financial institutions. With the same thinking in mind, the Industrial Development Authority (IDA) is trying to attract American banks, insurance companies and airlines to set up their software and data-processing divisions in Ireland. The majority of Irish software companies are of the small, back-room type. They mostly employ fewer than 10 people, have few fixed assets and rarely have all the necessary marketing and financial skills. Their development is seen as an alternative to the brain-drain which is already occurring.<sup>60</sup>

At local level, a British study by the Southwark Trade Union Support Unit suggests that high-technology industries in inner cities are not creating jobs for the local people. Such companies are generally small with many of the employees being recruited from outside the area. They tend to be almost wholly non-unionized. The number of jobs they create is not enough to compensate for

the loss of traditional industries such as the docks, food manufacturing and engineering.<sup>61</sup>

### 3. Qualifications

In the Federal Republic of Germany, the International Science Centre Berlin published a survey of literature on the impact of microelectronics on qualifications. Among its findings, the following are particularly worthy of note: small and medium-sized enterprises often develop innovative organizational patterns when introducing new technologies, and large enterprises could learn from the flexibility of smaller innovators; analyses of the development of qualifications often have an *ad-hoc* character and are based on limited surveys with little significance; there is little evidence on the development of the qualifications of the average industrial worker, and on the developments concerning untrained and low-trained workers; industrial and labour policies can influence work organization and socio-technical systems.<sup>62</sup>

An analysis of the demand for qualifications and related training requirements in the metal industry was carried out in Denmark by the JUUST-project (project for the development of training systems in the metal industry). The project is run in cooperation by the JA (the Association of Employers in the Metal Industry) and CO-Metal (the Central Organization of Metal Workers). One of the main conclusions of the project is that demand for training in the 'soft' fields, i.e. in the use of software systems in production, administration and organization, is increasing, accounting for 34% of courses, while demand for training in process technology is decreasing. The need for in-service training is estimated

<sup>58</sup> The main results and conclusions are summarized in *Mondo Economico*, 15 December 1986.

<sup>59</sup> *Aktuelt*, 10 March 1987.

<sup>60</sup> Challis, R., 'Softly, softly: Is it the real thing?', *Irish Business*, September 1986.

<sup>61</sup> *New technology in Southwark*, Southwark Trade Union Support Unit, 1986.

<sup>62</sup> Gensior, S., *Mikroelektronik-Anwendung und ihre Bedeutung für die Qualifikationen: ein Literaturbericht*, Report IIM/LMP 86-7, Berlin, 1986.

at the days per year for employees at all levels; computer knowledge courses are regarded as very important for all employees, as 37% of semi-skilled and 60% of skilled workers are expected to attend these courses. A bottleneck in the development of new courses is identified; it is suggested that courses ought to be short, in-house, and cut across staff categories.

A bottleneck in securing labour with the required skills is identified also by an investigation carried out by the Danish Employers' Association DA. Shortages are experienced especially as regards skilled workers, managers and technicians. Three out of ten companies could not find the labour demanded in the first half of 1986; this applies not only to large, but also to small firms.<sup>63</sup>

Skill shortages were found also in the United Kingdom by the London Chamber of Commerce, which published a report on a survey of some 700 companies about their use of microelectronic technology. The main reasons for not introducing microelectronics were the shortage of skilled computer staff and the high cost of recruiting them. Some 24% mentioned the skill shortage problem and 15% mentioned high salaries. A similar survey in 1980 revealed 11% mentioning skill shortages and 9% mentioning labour cost. Another finding of the survey was that some 10% of companies reported redundancies associated with the introduction of new technology.<sup>64</sup>

#### **4. Work organization, working conditions and industrial relations**

The first results of the Belgian research programme on the implications of new technology for Belgian society, linked to the European Community FAST II (Forecasting and Assessment in Science and Technology) programme, were published early in 1987.<sup>65</sup>

Launched in 1985 with a budget of BF 180 million over 3 years, this programme is a limited version of a more ambitious programme originally conceived by the then Minister for Science

Policy, as a twin socio-economic programme to R&D in new technologies. Research has been carried out by university teams. While research on employment is still under way, some results of research on qualifications, work organization and working conditions have been made available. On work organization, research conclusions point out that it depends more on the priorities and strategies of the enterprises than on technology itself; the main trend is towards multi-functional job assignments and the inclusion of control and maintenance activities in the tasks of the operators. On working conditions, research results underline the importance of system design taking into account the needs and behaviour of direct users for a better utilization of new technology. Finally, on industrial relations, no definite trend was found towards a new pattern of work organization and industrial relations linked to the introduction of new technology: new forms of organization coexist with traditional forms. Flexibility, for example, still rests on rather traditional organizational patterns, such as partial lay-offs, overtime, temporary and part-time work, and subcontracting.

An analysis of government influence on the development and use of human-oriented technology, focusing mainly on the federal programme on humanization of working life, was published in the Federal Republic of Germany. According to the authors, the programme was split into various projects, so that the originally planned integration of technological and social aspects could not materialize, and the effectiveness of the whole programme was weakened. Moreover, the programme did not cover the aspects of implementation and dissemination of practical conclusions for the design of workplaces and working conditions as they could be derived from the pilot projects. Nevertheless, a positive effect of the programme was to mobilize participation of the trade unions and particularly of the shop stewards, and promote discussion of the design of work and the impact of new technologies.<sup>66</sup>

A model of a future fully automated factory, where all functions are con-

trolled by a central computer system, was developed by Danish scientists from the Danish Technical University together with the American Brigham Young University in Utah. The model, based on computer integrated manufacturing (CIM), will be used primarily for educational purposes. As far as work organization is concerned, its authors point out that the new system may produce a concentration of power in the hands of the top management, because it will be possible to control the entire production from the top. However, employees are not expected to become superfluous; on the contrary, they will still hold the key to the system, due to the importance of functions such as trouble shooting, maintenance, updating of data bases etc. In any event, the authors expect that CIM will be introduced gradually in Denmark, and it will take many years before it becomes widespread.<sup>67</sup>

The German International Science Centre Berlin is working on a project on the impact of control mechanisms in computer-assisted workplaces. The intermediate results of the research point out that in most cases efficiency control is not perceived as an important change in organization. Workers and shop stewards trust that management will use the data at its disposal only in a neutral way in order to optimize process control; moreover, workers believe in general in the appropriateness of rational planning and control.<sup>68</sup>

The results of another German project on tele-homework in Baden-Württemberg were presented by the

<sup>63</sup> *Arbejdsgiveren*, No 16, 5 October 1986.

<sup>64</sup> *The uses of microelectronics technology*, London Chamber of Commerce, 1986.

<sup>65</sup> SPSS (Services de programmation de la politique scientifique), *Actions nationales de soutien à FAST: rapport d'avancement au 20. 12. 86*, Brussels, Ministère de la politique scientifique, 1987.

<sup>66</sup> Braunling, G., Peter, G., 'Politische Gestaltung von Technik und Arbeit durch Bundesländer? Chancen und Risiken vor dem Hintergrund der Erfahrungen mit bundesstaatlicher Förderung', in Fricke, W. et al. (eds.), *Jahrbuch für Arbeit und Technik in Nordrhein-Westfalen 1986*, Bonn, 1986.

<sup>67</sup> *Fagbladet*, No 4, 25 February 1987.

<sup>68</sup> *WZB-Mitteilungen*, September 1986.

Fraunhofer Institut. It is a pilot project, concerning secretarial work and involving 14 public agencies and private enterprises. Typing capacity was seen to increase as a result of working from home, but also the cost of the work places turned out to be higher than in centralized offices. Coordination problems resulted from spatial separation. For the workers concerned, the combination of different activities such as family, job and housework created problems of stress. As a conclusion, the Institute raises doubts about the generalized spread of tele-homework for typing activities.<sup>69</sup>

In the United Kingdom, the Industrial Society has published a survey of Quality Circles (QCs).<sup>70</sup> The survey shows a high concentration of QCs in the engineering and vehicles sectors. 53% of the companies in the survey were unionized but in only 11% are trade union representatives asked or chosen to sit on QC steering committees. QCs are now found both among blue- and white-collar workers with 10% of the companies mixing the two groups of workers in their circles.

Two studies from Glasgow University have analysed the degree of unionization in the Scottish electronics industry, coming to rather different conclusions. The first specifically examines the electronics companies in Scotland and claims that suggestions that trade union membership in the electronics industry is at a low level are unfounded. The study<sup>71</sup> accepts that many of the new companies which have set up particularly in the new towns are non-unionized, but it points out that the total number of employees in these plants at the time of the survey was 4 752 in 26 plants compared with 24 891 employed at 36 plants elsewhere and the 7 000 employed by the Ferranti electronics company in Edinburgh, which was fully unionized. The second study<sup>72</sup> examined a wider range of high-tech firms in the UK including some pharmaceutical and chemical companies in addition to electronics companies. In relation to Scotland, the study reports that the new towns had a high rate of non-unionization, especially among electronics firms.

The author suggests that the high levels of non-unionization have not so much to do with their being high-tech firms but are more likely related to a variety of other factors such as their small size and the relatively few attempts by unions to achieve recognition.

## 5. Education and training

A study on 'Training for new technologies' which addresses both training methodology and the changes of work organization in firms, has been published in France.<sup>73</sup> The study is based on the opinions and experiences of all parties concerned and on case-studies in various types of firms in the secondary and tertiary sectors. The introduction of new technologies and the training process, including the reinsertion of the workers concerned into the firm, are seen as a critical issue, in so far as they lead to the emergence of problems related to work organization and interpersonal relations. A difference is often observed between firms in the tertiary sector and industrial firms. In the former, new technologies are often super-imposed on an unchanged organization, with the consequence of making work more intensive and harder, rather than making tasks more varied and skilled. On the other hand, in a car factory, where the Tayloristic work organization had already gone through a deep crisis, technological change has provided the impetus for rethinking work organization, giving workers more initiative and autonomy, whilst enhancing their interdependence and solidarity. As far as training methodologies are concerned, the authors suggest a step-by-step approach, with a continuous feedback to the actual tasks and practical needs. The authors conclude that new technology in itself does not make work more intelligent. A change in work organization is essential to give workers more responsibility and a broader understanding of their work.

The Portuguese 'Commissao da Condição Feminina' (Equal Opportunities Commission) organized a seminar in Lisbon in December 1986 on the role of women in university and scientific re-

search. Data were presented on the share of women in universities: in 1984/85 they represented 57.4% of enrolments and 54% of graduates, with a significant increase over time (in 1970/71 the respective ratios were 43.5% and 34.4%). However, women are still left behind in technical and technological disciplines: while their share in pure and natural sciences is 67.3%, in engineering and technology it is only 32.2%. Moreover, women are only 30.1% of university teaching staff.

## IV. Experiences in specific sectors

### 1. Education and training

A rather innovative form of training for civil servants has been called for in Belgium by the informatics centre of the province of Namur, Giger. According to this proposal, the officials of the province would be granted a modular training programme in information technology, which would include a sabbatical month, when the official should design or develop an informatics application programme for his/her service. Trade union representatives have expressed a favourable opinion on this proposal.

<sup>69</sup> *Computer Magazin*, No 9/1986.

<sup>70</sup> *Quality Circles: a survey on Quality Circles in the UK*, Industrial Society New Series No 5, the Industrial Society, 1986.

<sup>71</sup> Mac Innes, J., Sproull, A., *Union recognition in the electronics industry in Scotland*, University of Glasgow, Centre for Research into Industrial Democracy and Participation.

<sup>72</sup> Beaumont, P., 'Industrial relations policies in high-technology firms', in *New Technology, Work and Employment*, Vol. 1, No 2, Basil Blackwell, 1986.

<sup>73</sup> Ferrand, J. L., Le Goff, J. P., Malglaive, G., Orolamma, R., *Quelle pédagogie pour les nouvelles technologies?*, Documentation Française, 1987.

In Denmark, a course for EDP-assistants designed especially for handicapped people started in January 1987 at the International Handicap Athletics Centre in Logstor. The course, which receives financial support from the EEC, offers computer training combined with athletics. It lasts 18 months, i.e. six months longer than traditional EDP-assistant courses.

Another Danish experiment concerns counselling. A data base containing 262 job descriptions has been developed by the publisher 'Studie og Erhverv' for use by young people and counsellors. The user can feed the computer with his/her own personal criteria and obtain advice on which sort of education would be suitable.<sup>74</sup>

Finally, a project of cooperation between companies and institutes of education is reported from Jutland, where six companies have set up a project called 'Point' (Production, organization, information, new development and technology) together with Frederikshavn Technical School. The project aims at offering technicians and middle managers more knowledge about computer-based machines, in order to make them able to take full advantage of technology and to penetrate new markets with new products.<sup>75</sup>

In the Federal Republic of Germany, the city government of Frankfurt am Main has set up a training centre in computer science for citizens (*Lernzentrum Bürgerinformatik*). The centre will have two divisions: one will offer the opportunity to experiment with computers in a very simple way, in order to make visitors familiar with them; the second division will offer training courses with a systematic introduction to electronic data processing.<sup>76</sup>

## 2. Banking and finance

The modernization of payment systems in the French banking sector is leading to the emergence of a number of problems both with bank customers and with the trade unions. Innovation in payment systems is moving in three main directions: rationalization of

cheque handling, new means of payment, and electronic money.<sup>77</sup> The cost of cheque handling, a very popular means of payment in France, is estimated at three times as much as the cost of transactions via electronic means of payment. Banks thus decided to start charging customers for cheques, a decision which met with strong opposition from consumer associations, so that the Ministry of the Economy, which had originally given its approval, eventually asked the banks to suspend their decision. Meanwhile, in order to provide a better service to their customers, banks decided to extend opening hours, which met with the opposition of all the trade unions. An agreement was nevertheless signed by Crédit Lyonnais and two unions (CFDT and SNB-CGC) in February 1987, providing for longer opening hours, the opening of some branches six days a week, and the operation of points of sale throughout the opening hours of shopping centres. Employees retain their right to two consecutive rest days a week, and a reduction in weekly working time may be envisaged, following the expected economic benefits resulting from the new arrangement. In March, the French Banking Association put forward a proposal to the unions for the general introduction of this type of arrangement, in the framework of the ongoing round of wage negotiations. The proposal has not been well received by the trade unions, which are demanding real compensations and reduction of working time in exchange for the proposed new arrangement, and consider that the bankers' proposals would worsen working conditions without improving the quality of services.<sup>78</sup>

The spread of automated services in Italian banks is being slowed down by security problems. Banks have heavily invested in information technologies, so that they represent a share of more than 10% of the total market for IT applications, including both the automation of traditional branch operations and the growth of new automated services. The latter, however, have been affected by various cases of 'electronic theft'; thus, many banks have discontinued the automatic cash dispenser service, particu-

larly at weekends, when it was most used. The system was not working online and it was consequently difficult to prevent misuse. A new electronic card is being developed, which should be safer and less liable to illegal duplication. Meanwhile, these problems are preventing the spread of electronic points of sale and other forms of electronic money.

UK banks are, by contrast, merging their ATM systems. Barclays, Lloyds, Royal Bank of Scotland and the Bank of Scotland have linked up their cash-dispenser machines to form one network. And the Council of the Association for Payment and Clearing Systems announced in December 1986 that it had agreed on a strategy for a national electronic shopping system in which all its members could take part. The first stage of the national system could be introduced within two years and would establish the standards for a full blown system. Earlier on, in November, the government had announced that it was intending to set up an independent review to examine the legal implications of electronic technology for payment systems.

In Denmark, after several years of difficult negotiations, the two largest banks, Handelsbanken and Den Danske Bank, together with the largest savings bank SDS agreed to establish a joint 'back-up' centre, able to take over the EDP activities of participating financial institutions in the event of a serious breakdown. Other financial institutions are expected to join.

Meanwhile, private investors are now able to follow the news on the exchange market from their homes, through a new information system called MINitelecom. This is a smaller version of the professional telecom, a large data information

<sup>74</sup> *Aktuelt*, 16 October 1986.

<sup>75</sup> *Arbejdsgiveren*, 20 September 1986.

<sup>76</sup> *Frankfurter Rundschau*, 19 August 1986.

<sup>77</sup> On the modernization of the banking system, see Pastre, O., *La modernisation des banques françaises*, Rapport au Ministre de l'Economie, des Finances et du Budget, Documentation Française, November 1985.

<sup>78</sup> *Les Echos*, 3 February 1987; *Le Monde*, 14 February 1987; *Ageli*, 16 February 1987.

system on the domestic and foreign investment markets and the Danish capital market, and operates via a television screen.<sup>79</sup>

The big event in the financial sector in this period was the so-called 'Big Bang'. However, the computerization of stock exchanges, implemented or planned in several countries, is proving more difficult than was originally expected. In London, the first day of computerized trading was marred by the price information system, Topic, going down due to the sheer volume of requests it had received. The system crashed again on the second day of trading and further faults in both hardware and software arose during the next few weeks. Once the initial software problems had been solved, other problems arose, such as data input difficulties and problems with the communications links.

A noticeable implication for the labour market was revealed by the Computer Services Association in its annual report. Besides disclosing that employment in the software industry rose by 11% in 1985, the report stresses severe skill shortages which have been exacerbated by the 'Big Bang', with city institutions offering salaries double that which software companies were able to offer.

Similarly, the 'Big Bang' at Copenhagen stock exchange, scheduled to be officially opened on 1 July 1987, has broken down each time it has been tested. Problems concern the equipment, since the personal computers that have been purchased are too small for the task; and training, since those running the training programme have refused to take responsibility for training the exchange dealers. Some DKR 8 million have been invested by the Copenhagen Stock Exchange.<sup>80</sup>

The 'Big Bang' was not a success in Ireland either. It came into operation on 28 October 1986, but problems with the new computer systems and the fact that not all quoted instruments were on the

system induced brokers to continue using traditional ways of doing business. The reaction of some of the large brokers was one of indifference, while some of the small brokerage firms were worried that the cost of new technology would have to be paid from income levels which would be reduced by lower commission charges. Doubts have been raised as to the appropriateness of the system to the Irish market.<sup>81</sup>

On the other hand, the first experiment in offshore banking for foreign investors in Ireland obtained government approval in October 1986. It involves the establishment of a middleman company that can attract overseas banking customers, provided that funds do not originate within Ireland and are not placed or reinvested there. All funds are transferred electronically. To offset the concern expressed by some bankers that this will spoil Ireland's image without leaving any tangible investment benefit to the country, the Shannon Free Airport Development Company which took the initiative is setting minimum employment levels: At present, up to 60% of the country's newly qualified chartered accountants emigrate.<sup>82</sup>

### 3. Retail trade

In Denmark, the utilization of the Dan-card is increasing rapidly: 1.3 million transactions are now recorded each month. Moreover, following the agreement between the Banks' Payment and Credit Card Limited Co. PKK, which is running the system, and several of the largest payment cards in Denmark, it will soon be possible to use the Dan-card terminals to serve all the cards concerned. Over-utilization is creating problems, in so far as outdoor machines tend to break down when they are most used, i.e. on Friday nights and at weekends; nevertheless, shopkeepers welcome the agreement, because they will not have to invest in several types of terminals.<sup>83</sup>

An article recently published in Spain analyses the spread of information technology in the form of optical reading equipment based on laser beams (scanners) in retail trade. The first problem is the adoption of bar codes for product labels: Spain is relatively behind in relation to many other countries in this respect, although bar code labels are being rapidly introduced (79% of products had bar code labels in 1985, as compared with 17% in 1983). A similar situation can be observed as concerns the number of retailers equipped with scanners: there were 117 in 1986, still a low number, though higher than in countries like Italy and Austria. The German manufacturer Nixdorf dominates the Spanish market, being the producer of 76% of the scanners installed. An increase in productivity is expected from the introduction of scanners, as well as an improvement in stock control and the elimination of errors in invoicing. No study has been done until now on the implications for employment.<sup>84</sup>

In Portugal, the first major application of points of sale terminals is being implemented by one of the largest supermarket chains, which is investing in the modernization of 48 of its stores. However, utilization is expected to be low in the short term, since there is not a significant number of products with bar codes on the Portuguese market.

<sup>79</sup> *Berlingske Tidende*, 26 September 1986.

<sup>80</sup> *Weekendavisen*, 12 and 20 March 1987.

<sup>81</sup> Ahlstrom, D., 'SEAG and you will find it', *Irish Times*, 27 and 28 October 1986; White, D., 'Does Big Bang suit the Irish market', *Business & Finance*, 6 November 1986.

<sup>82</sup> Ahlstrom, D., 'In search of offshore bankers', *Irish Times*, 27 and 28 October 1986.

<sup>83</sup> *Aktuelt*, 30 January 1987; *Ertvervsbladet*, 8 and 9 April 1987.

<sup>84</sup> Puelles Perez, J.A., 'Situación de los canales de distribución de la industria alimentaria española', *Estudios sobre Consumo*, No 9, December 1986.



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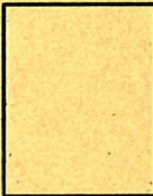
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