

SOCIAL EUROPE

**The social aspects
of the internal market**

Volume I

SUPPLEMENT 7/88



COMMISSION OF THE EUROPEAN COMMUNITIES

**DIRECTORATE GENERAL FOR EMPLOYMENT,
SOCIAL AFFAIRS AND EDUCATION**

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of the internal market**

Volume I

**Synthesis of the first three seminars
which were held in Brussels
in November/December 1987 and January 1988**

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PRELIMINARY COMMENTS

In October 1987 the Commission of the European Communities -- DG V -- decided to charge FERE Consultants with the organization of three seminars devoted to analyzing the present situation and assessing likely future developments regarding the social aspects of the large internal market.

The aim of this action was threefold. First of all, in a coordinated fashion complementary to the work of the inter-services group set up by the Commission itself to consider the social dimension of the large internal market ¹, it was intended as a means of raising certain key questions concerning the long-term development of Community social policy. On the basis of the hypothesis that the creation of the large internal market is set to mark the development of Europe until the end of the century at least, it was felt that the social dimension of the policies to be pursued should be appraised in their long-term perspectives and in association with the development expounded upon in the report prepared for the Commission by T. PADOA-SCHIOPPA ² and the working group over which he presided.

Secondly, it was considered useful to organize a non-institutional debate on these social questions, to be defined as such right from the start, involving experts from universities or research centres, national administrations, professional organizations or trade unions and, finally, Commission civil servants attached to a variety of directorate generals. In this respect the importance of a dialogue based on both an inter-departmental and external opening up of the Commission, complementary to the work of the official bodies, was considered to be of fundamental importance.

Finally, on the subject of specific themes considered as strategic and indicative of the social consequences of the single market, there was a desire to investigate the

¹ See "The Social Dimension of the Internal Market", Social Europe, 1988 Special Edition.

² See "Efficiency, Stability and Equity : A Strategy for the Evolution of the Economic System of the European Community", Padoa-Schioppa T. et al., 1987

sensibilities of those involved and directions for action in the medium term. The three themes chosen for this experimental action were : 1) the role of social policy in the dynamics of local development 2) geographical mobility within the Community 3) the minimum body of social provisions within the European Community.

These three seminars were held in November and December 1987, and in January 1988.

The first considered the role of social policy in the dynamics of local development. It provided a basis for determining an approach (integration) and the conditions for the effectiveness of social policies (start up, support, assistance, catalyst).

The second investigated the mobility of labour inside Europe. It appears that the viscosity of the labour factor is greater than that of the capital factor and that action needs to be taken upstream on the elements which determine mobility.

The third seminar was intended to consider the usefulness of a minimum body of social provisions within the Community. The controversial and contradictory attitudes of the social partners indicate that it is necessary both to define the desirable way forward and to ensure room for manoeuvre on the part of each country when it comes to deciding on the pace at which change is to proceed.

The heterogenous nature of these themes is largely due to the desire to test a working method on very diverse matters rather than to focus on specific technical fields. The results of this approach are as yet incomplete owing to the limited period of time involved and the openness to the problems and methods used : coupled with the necessary complementary analyses they can, however, play their part in coordinating propositions of a more operational nature.

Each of the themes was presented by one or several experts and was treated in the light of the provisions provided for by the White Paper and with a view to analysing possible actions at Community level.

The debate revolved mainly around forecasts, prospects for action and questions of method and of principle in order to arrive at an understanding of the phenomena in question. This within certain limits : deliberately focusing on medium and long-term prospects, the debates expressly avoided any analysis of short-term policy.

This document ³ reports on the prospective operation and successively presents : in the introduction, the general nature of the problem, in parts 1, 2 and 3, the principal results obtained in the course of the seminars and the conclusions which may be drawn.

An initial appraisal concludes this report with a brief présentation of future seminars.

³ This report is the work of Mr François de Lavergne, assisted by Messrs François Bernard, Jean-François Langumier, Enrico Wolleb and Jean-François Lebrun.

INTRODUCTION

THE SOCIAL ASPECTS OF THE INTERNAL MARKET :
THE NATURE OF THE PROBLEM

THE STAKES

- 1 The thinking behind the large internal market : economic
above all else ?

The process envisaged by the European Single Act, leading to the rapid removal of obstacles to trade, also a feature of the Treaty of Rome, initially appears as purely economic.

Its aims are to provide increased homogeneity of markets and a free movement of goods and persons. To this end the "bastions of the egoism of nations" are challenged, such as the public markets and company law, while the difficulties stemming from the processes of harmonizing standards and regulations are avoided by advocating methods of "mutual recognition" provided that the minimum provisions regarding safety and consumer protection are respected.

In so doing it is hoped that the increased homogeneity of the European economy, the principal world market, will provide the conditions for new economic growth by stimulating internal competition and improving the external competitive position of Europe perceived as a single entity. Such an approach is based on two assumptions : the first, of an economic nature, tends to compare the beneficial effects for the European economies of the original opening up of the frontiers following the Treaty of Rome to the absence of any corresponding positive effects when faced with the two oil crises of the 1970s (and the counter-crisis of the 1980s), the conclusion being that an additional step along the road to integration is necessary if we are to exploit a new "growth resource" by increasing the efficiency and interdependency of the national economies. The second assumption is that of the increasing difficulty of reaching agreement on the founding of Community institutions and on increasing the powers of the Commission of the European Communities. Integration through the economy consequently becomes the only way forward in continuing to build Europe.

It does, however, have its limitations.

2 The economic and social cohesion of the Community : from the political option to economic efficiency

When, following a proposal by the President of the Commission of the European Communities, the Member States decided to double the structural Funds and allocate these resources principally to regions which are lagging behind in development or which are experiencing particular difficulties associated with reconversion, the dominant thinking was that of social and political solidarity. If it is expected that the "large market" will prove of particular benefit to firms in the more competitive countries of the "North" ⁴, its advent should be accompanied by a specific effort to accelerate development in other areas in order to avoid the emergence of a dynamic of divergence between the capacities for development of the various zones and regions within the Community. It is not, therefore, possible to give full rein to "market forces" without helping the weaker countries of the Community to increase average revenue. Furthermore, according to Keynesian thinking, this would stimulate growth and demand, and therefore the internal production of the exporting countries. Although such thinking, of macroeconomic and political import, has incontestable rational foundations, its real effects, in terms of benefitting disadvantaged areas and bringing into line levels of development, remain open to question. Keynesian distribution of extra revenue, within an area without external trade barriers, is only of local benefit if it is possible to create a local supply which, while also of course integrating into an international dynamic of specialisation, is able to satisfy the nature of the demand. The question of the economic and social cohesion of the Community, while political in origin, is thus transformed into a question of the essentially economic efficiency of the structural policies pursued. This then is one of the items at stake in social policy.

3 The principles of rights, solidarity and efficiency

Care, however, needs to be taken when reintroducing a principle of efficiency with regard to social policy. There is a distinct risk of confusing the means and the ends. If, for example, the

⁴ This overall assumption is true to a greater or lesser extent depending on the sectors of industry or services considered.

"economic" efficiency of the Keynesian or post-Keynesian social policies (redistribution) is an objective for the management of these policies, efficiency cannot be their sole objective, as economic efficiency is itself a means of increasing income, reducing unemployment and allowing a redistribution of incomes and growth.

When speaking of Community social policy it is the more general principles of rights and the requirements for solidarity which one has in mind.

The notion of the basic rights of citizens and workers which must be defended and expressed in regulatory and legislative texts is born of a tradition of public law which has existed for centuries in several Community countries. At European level this means laying the foundations of a "legal system" ⁵ as a point of reference for defining labour relations and the minimum systems of social protection. It is in this tradition, long promoted by the ILO (the "International Labour Code" consists of 160 conventions), that the Council of Europe has continued to work : the rights of man and basic liberties (1950); European social charter (1951); European code and European safety convention (1968); convention on the status of the migrant worker (1978).

The Treaty of Rome, however, places the emphasis on the notion of solidarity : it is a question of trying to overcome inequalities in development in order to avoid economic and social tensions which are unacceptable in a frontier-free area. European citizenship is achieved through striving towards solidarity. First of all, it is a matter of stimulating full employment through the free circulation of labour (article 48 and 52), the geographical and professional mobility of workers; and by setting up the European Social Fund (vocational retraining of workers and actions in favour of young people, articles 123 to 128); finally, the common policy of vocational training should be inspired by a certain number of general principles (article 128).

Articles 117 to 122 concerning the "social provisions" considerably broaden the scope of the policies to be implemented. The Member States "acknowledge the need to promote improvements

⁵ See R. DELORME and Guy CAIRE, "Europe : quel espace social ?". Collection Recherches Cahiers de la F.E.N., pages 124 ff.

in the living and working conditions of workers allowing them to advance on an equal footing and they believe that such a development will result both from the functioning of the Common Market which will favour the harmonization of social systems, and from the procedures (our underlining) provided for by the present Treaty and the correlating (our underlining) of the legislative, regulatory and administrative provisions (article 117).

Article 118 offers a non-limitative list of those areas where close co-operation between the Member States should be sought in the social field : employment, labour law, working conditions, vocational and continued training, social security, protection against industrial accidents and illnesses, hygiene at work, trade union legislation, collective bargaining.

Article 119 is concerned with equal pay for men and women and article 120 with parity in the provisions for paid holidays.

This general option which consists, at national or Community level, of providing sophisticated and comprehensive complements to existing systems of labour relations and social protection, is in keeping with the continuation of the post-war economic context characterized by high growth. Robert BOYER and the experts from the FERE ⁴, among others, have shown how each country of the Community, with of course its own particular contribution, introduced such systems despite the two oil crises which, in halting growth and causing unemployment to rise, could have provided grounds for questioning the wisdom of introducing protective systems and cast doubts upon their appropriateness : should we reinforce the statutes, labour relations and systems of protection during a period of reduced growth and rapid change ?

It is in this context of increasing unemployment and accentuated disparities resulting from the enlarging of the European Community that the notion of efficiency as applied to social policy appears. State intervention, formerly limited to specific instances, is now practiced on a mass scale in response to the effects of the economic transformations : such intervention should therefor be better directed and increasingly rationalized. Furthermore, social policy should not conflict with economic measures aimed at creating new jobs or new firms, this calling into question certain regulatory frameworks which are sometimes

⁴ see "La flexibilité du travail en Europe", Ed. La découverte, Paris 1986.

judged to be too severe. Finally, social dialogue tends to grind to a halt in times of crisis as both sides become entrenched in a conservative approach. Social policy must therefore be conceived and judged above all on the basis of its effectiveness.⁷ For all this, the traditional conception of social policies has not been modified : the approach remains that of "repairing the damage" resulting from economic dynamism as a whole, or at best accompanying its effects.

4 From an inevitable social policy to a productive social policy

Through the Single Act the Member States have decided to complete the large internal market by 31 December 1992. The Single Act makes specific reference to certain provisions of social policies (notably 118 A and 118 B : social dialogue potentially resulting in conventional relations at European level).

The question of the social dimension of the large internal market is therefore complementary to the question of economic integration. Must economic integration be accompanied by an additional drive for the integration of social policies ? The replies to this question are, as we know, far from unanimous.

If, for example, one's thinking is based on the PADOA-SCHIOPPA report⁸, a decentralised approach is preferred so that "the countries themselves seek to make those adjustments which will best enable them to realise the dual objective of a high level of employment and social protection". Yet at the same time, there is an emphasis on the vital importance of harmonizing wage costs in the framework of a more far-reaching monetary integration as the

⁷ Although this notion has not been clearly developed in the report "La politique social et la recherche d'une nouvelle dynamique de croissance" (MM BRUNO, NANKIVELL, ROSANVALLON and REURIP for the Commissioner Ivor Richards, 1983) the new economic context is clearly cited as the main reason leading to a definition of a new kind of social policy. The authors propose in particular a reflection on "social regulation" and thus the new social consensus is able to underpin a dynamism for growth in the medium term. This report provides a good explanation of the link between social and economic aspects.

⁸ "Efficacité, stabilité et équité"; see pages 57/58 and 122/124 in particular (French version).

adjustments which were formerly made by exchange rates are no longer possible under a system of fixed rates.

On the other hand, one can consider that social and economic policy are inseparable, to the extent that production models incorporate, simultaneously and in association, institutional, cultural and social rules, the internal organization of which largely determines their effectiveness and ability to adapt to external forces. Such a vision tends to reintroduce, at company level, social policy as a part of economic efficiency; social policy is seen as an inherent part of economic policy at both State and Community level. Training policies definitely afford the best example of this.

Paradoxically, at a time when, in a period of reduced growth, the very need for social policy, at least as regards certain of its aspects, is being called into question and when social protection is being denounced as a generator of excessive social costs burdening labour costs and serving to reduce competitiveness, it is necessary to consider that "social policy is productive".

It is necessary to reconsider our view of the relationship between the economic and social dimension. Social policy is increasingly tackling problems of an economic order : youth or long-term unemployment, results of reconversions, the production of new qualifications, results of the introduction of new technologies in companies, remodelling of systems of part-time work.

Similarly, economic rationality penetrates the world of social policies, demanding of them greater efficiency as regards their objectives and displaying a principle of "economy" in the methods used. But above all it is because the interaction of economic and social policy lies at the very heart of the experience acquired in productivity, employment, investment and the positive use of technologies that we are able to speak today of "productive social policy".

As regards the "transformation of wage relations" and work flexibility ⁹, it is perhaps particularly important to mention that the trend towards "regulating" social relations, notably as regards labour relations and social protection, is central to the

⁹ see . BOYER et al, FERE, "La flexibilité du travail en Europe", Ed La Découverte, 1967.

economic considerations of tomorrow and determines the scenario for the development of the European economies at world level. In particular, this brings a need for the following to be redefined in a compatible manner :

- the technical system of production; to provide increased modernisation, increased productivity, product differentiation, internationalisation and flexible computerisation;
- linked to the emergence of new forms of labour relations, a new capital-labour settlement, a codification of the principles of sharing profits and productivity, a new apportioning of work;
- and a transformation of public interventions combining an active role for public investment, the maintaining of a high level of social protection and a decentralisation of interventions.

These needs for transformation reinforce the idea that industrial democracy, historically and culturally deep-rooted in several European countries, is at once an objective (compared with political criteria) and a means which could reinforce the economic efficiency of systems of production, in particular because social dialogue is an instrument of negotiation leading to adhesion, motivation and mobilisation.

If it is clear that improved efficiency for European systems of production is imperative in the light of present international challenges, there is a case for stating that this efficiency is largely to be found, at all Community, national, regional, sector and company levels, in the implementation of a vigorous social policy defined between the actors concerned. It is therefore necessary to consider the principles which could guide the action and the division of responsibilities.

PRINCIPLES FOR COMMUNITY ACTION

In this context, it is only possible to consider the social aspects of the large internal market by focusing on the objectives and the means of both economic and social policy. This calls for the large internal market of 1992 to be understood in terms other than the purely economic or, to be more precise, in terms other than markets and products.

The main question is therefore the following : if it is thought that the increased rate of growth engendered by the implementation of the White Paper will be considerable, is this sufficient justification for increasing and extending the means of social policy and if so at what levels ?

The question is, in fact, twofold :

- 1 What will be the "social" effects of the large internal market?

The generally accepted hypothesis is that there could appear, in the relatively short term : an increased spatial concentration of activities as regards industrial production, a concentration in the services sector with serious consequences for employment; glaring insufficiencies in the production of qualifications adapted to the new forms of production; heightened problems in spatial zones which are still agricultural or mono-industrial. There will therefore be a need to organize a considerable effort at the level of systems of training and qualification aimed at the reconversion of workers or equipping them, in advance, with the skills to accompany these changes or even to play their part in their implementation. This focuses the content of social policy on the "social-economic" aspects, that is, various policies designed to combat unemployment, of both a preventive and adaptive nature.

- 2 Who could intervene to anticipate these effects, avoid them if possible and contribute towards instigating the dynamics for development using social policies as a tool ?

If the difficulties to which we have just alluded really do provide a foretaste of the future, there is reason to think that the Member States will experience difficulty in resisting a

double temptation : a) to treat the problem in terms of revenue rather than a policy of redeployment; b) to grant special and specific assistance where and when needed without reference to any overall approach and without accord at Community level.

Such a scenario evokes the need for principles to guide negotiations on the mechanics of actions in the field of social policy.

* The first principle is that of the complementarity of interventions rather than their "subsidiary status" as advanced in the report by MR PADOA-SCHIOFFA. When speaking of the social policies to be linked to the completion of the large internal market, it appears impossible to associate an optimal level for action, i.e. local, regional, national or Community, for each question raised. It is the complementarity of the interventions and the co-operation which this implies which is generally likely to engender their effectiveness. If we consider, as Mr PADOA-SCHIOFFA, that the "adequate level of government is the lowest level at which the function in question may be effectively exercised" we are then compelled to recognize, as regards social policy, that the interaction of the levels concerned is such that in most cases the notion of "effectively exercised" cannot as such be associated with any particular level of authority. The decision-making system is complex and its effectiveness is based on the voluntary union of the actors involved. The result is that the interaction of an additional agent, such as the Commission, may be the trigger for positive actions although the apparent rationality may not indicate that its intervention was necessary. The term "catalyst", from the world of chemistry, can be usefully employed in this context : the intervention of a catalyst permits the reaction and makes it more effective. The three examples discussed below, that is the role of social policy in local dynamics for development; the mobility of workers inside Europe; the usefulness of a minimum body of social regulations, are largely based on such an assumption and make it possible to better situate the pertinence and limits of Community action.

* The second principle is that the economic efficiency of social policies must be given priority. Consequently, steps to deal with problems once they have arisen must, as much as possible,

be preceded by prevention and anticipation.

- * The third principle is, finally, that social policies will only prove effective if they are the subject of dialogue and negotiation between the economic, social and political partners, because it is a matter of determining in a very concrete way new systems of production, a new organization of work, new forms of solidarity and a new distribution of authority based on new motivations and a new productivity.

PART 1

THE PLACE AND ROLE OF SOCIAL POLICY
IN THE DYNAMICS OF LOCAL DEVELOPMENT.

SUMMARY

With the completion of the large internal market, developments in the specialisation and concentration of productive activities will bring about a sectoral redistribution of wage earners, a relocation of jobs and consequently a change in the distribution of incomes.

These effects will be felt at local level and will probably accentuate trends in regional disparity which are already evident. Those regions possessing specific advantages (industrial specialisation and specialisation in services, technical or commercial know-how, proximity to major infrastructures and major centres of decision-making etc.) will use them in order to be economically better attuned to the new conditions. Others, some of which are already disadvantaged, are in danger of seeing these disadvantages compounded, the result being a worsening of their situation, especially in terms of employment.

Traditional social policies are only rarely adapted to the problems encountered at local level. Externally drawn up in isolation to the principal beneficiaries, such policies are of effect after the fact, serving to correct negative effects on the basis of a logic of compensation which increases the burden of charges on the productive system, and to officially recognize the process and fact of social marginality. The local area is considered as the area to which social policy is applied. In the light of economic and budgetary difficulties, attempts have been made to rationalize and better direct interventions, yet the local level has nonetheless continued to be generally considered as a passive entity, despite being more frequently consulted owing to a trend towards decentralization in social policy. The time is now ripe for this process to be reversed and for social policies which are integrated in the dynamics of development to emerge and assert themselves.

Social workers see in this the chance to innovate in concentrating their efforts on local development projects. The

public authorities see a chance to transfer responsibility, or, more positively, to achieve a better balance of political responsibility for persistent problems. Finally, charitable organizations see a chance for recognition and to work in partnership with the economic actors.

It is therefore necessary to define principles for action. Local development is a process of change comprising three main elements :

a) awareness and start up, which are not self-igniting; b) the organization of solidarities and the formulation of a project, this requiring both the founding of a partnership and the emergence of entrepreneurs; c) the drawing up of a programme and the formulation of a project, in which complementary skills, notably technical and financial, are required. Local development is therefore a process of breaking with the past based on the search for a new consensus.

Job creation constitutes a favoured foothold of social policy in the dynamics of local development, in association with training. It is generally accepted today that it is not only tangible investments but also intangible investments which permit the emergence of new forms of development.

Three major forms of intervention may be defined :

a) start-up actions facilitating the emergence of creators : meetings, colloquiums, data banks, information centres etc.
b) support actions helping potential creators to act : links between industry and research, innovation centres and company "nurseries", committees, the harnessing of financial resources etc.
c) assistance, mainly financial, granted directly to firms or employment promotion bodies. The jobs created may either be on the competitive market or in those sectors where economic independence can only be expected in the longer term.

It is clear that local development is not the only response to the economic changes of the future, as it is also clear that social policy should not merge totally with local development. The urgent task for the Commission is therefore to locate the zones and sectors which are likely to be affected, to study the nature and intensity of the consequences and to analyse the

processes of social marginalization and exclusion which threaten to appear.

It is then necessary to better coordinate and direct the actions already implemented in the framework of the structural Funds in order to provide credit for those operations which are in keeping with the spirit of local development as described above.

Finally, it is necessary to play a role in providing information, circulating the results of experiences and providing an impetus and stimulating activity on the basis of the principle of complementarity, in cases where the intervention is a legitimate means of catalysing the elements in the "chemical reaction" necessary for the emergence of local development projects.

THE CONTEXT

1. The reassessment of traditional social policies

The prospect of social effects prompted by changes in the economic structure is certainly nothing new, this leading to a reassessment of social policies traditionally implemented in order to remedy the malfunctions of the productive system. These policies display certain common features which determine their logic, a logic of crisis management. They are generally externally defined, outside of any involvement on the part of their principal beneficiaries, the dependency of which they tend to accentuate. They intervene after the fact in order to correct negative effects, first of all of growth and then of the slowdown of this growth, according to a logic of compensation which increases the charges on the productive system and which renders official the process and fact of social marginalization. They form a catalogue of specific interventions providing a sectoral response to the social problem in its diverse manifestations : employment, training, inadequate resources, accommodation, social maladjustment, poverty. Such an array of interventions is condemned to constantly expand in order to treat the various symptoms of the crisis as they arise. These interventions are directed at a very sharply segmented public : young people who leave school without a professional qualification and sometimes with an insufficient cultural grounding, redundant workers undergoing retraining, immigrant workers and their families, the long-term unemployed, deprived families, elderly people etc. They draw upon the services of many different bodies, each pursuing their own objective and applying their own procedures : public administrations, local groups, social establishments, charitable organizations.

Social policies which may be described as "traditional" have conceived of the local level in terms of an area to which social policies drawn up on a centralised scale or in a centralised manner are applied. (In fact a region or municipality can be known to apply systems of social protection founded upon the same principles). The local level is therefore seen primarily in terms of a geographical entity in which problems, actions and groups manifest themselves on a smaller scale.

Such an approach to social intervention on a local level, which took root in the years of growth, was maintained and adapted when

the crisis accentuated social problems which growth itself had not been able to totally solve : unemployment, lack of training or qualifications inappropriate to the job opportunities available, insertion difficulties encountered by young people and women as regards the professional world, rejection of older workers and immigrants, development of marginal forms of employment, housing and transport problems, attacks on the environment, increased delinquency, inadequate resources and the spread of poverty. In a context of budgetary difficulties and an explosion in the demands made of social interventions, the chosen course of action was to improve the functioning of the system of social protection, to differentiate the interventions according to various kinds of social problem and, in certain cases, to transfer the financial burden to other organizations. The initial response was therefore to provide a better use of resources and exercise stricter controls on their allocation : a more efficient management of social bodies, more limited interventions by social workers, stricter control on the rights of the beneficiaries. But as the crisis persisted and the device of social protection showed its deficiencies the forms of transfer nonetheless multiplied and became increasingly voluminous as the thinking behind the system remained unchanged : the workings of the economic system brings with it some negative social effects and social policies must remedy the most flagrant examples. Although concerning only a minority such situations are not, however, isolated instances and the real problem which certain systems of social protection have to confront is the need to deal with problems on a large scale in the future.

Furthermore, and at different points in time owing to the diversity of the structures for social interventions, the decentralised public bodies and charitable organizations have, in several countries, been increasingly approached to bear the burden of social policies.

The circumstances have therefore become favourable to the idea of social policies which would be integrated in the dynamics of local development and it in no way detracts from the benefits of such a concept to recognize the extent to which it depends on a union of the interests of the various partners : social workers, central administrative authorities, local bodies, charitable organizations. The social workers are seeing their criticisms of

traditional policies being taken into account and feel encouraged to commit themselves to the cause of social innovation. The criticisms were largely directed at the compensatory approach of social policies designed to regulate the productive system. The multiplication of social services and increasing financial aid were a mechanical response to the increase in the negative aspects of economic life : employment attracted attention following redundancies, training and retraining in response to a workforce with inappropriate skills, and supplementary income and emergency assistance in the light of the precarious position of increasingly large numbers of people. This whole process led, albeit inadvertently and sometimes while actually denying that it was so, to a dynamic serving to foster a two-tier society dividing local communities and entrapping its weakest members in a constant cycle of assistance. For the social workers the integration of social policies in the dynamics of local development is of innovative value for at least three reasons : social reality is reconstituted in different dimensions, persons and groups are taken fully into account (and in closer proximity to the problems, i.e. at local level) and, finally, social policy is linked to economic policy in a concept of overall development. The public authorities at central level can see in the extension of the practices of local development if not a transfer of tasks at least a better sharing of responsibility for policy regarding problems which prove persistent and resistant to the measures employed. In any event, they can only congratulate themselves on the strengthening of social cohesion resulting from policies which go beyond partisan interests.

The public authorities at local level are invited to realise a better coordination of their actions at the same time as their powers are increased. They are no longer confined to dealing with residual problems but are able to take the initiative regarding a project designed to bring into play the vital forces of a community.

The charitable organizations which, in certain regions, already play an important part in protection can see their action officially recognized and become fully-fledged partners in social policy.

Finally, the beneficiaries of social policy are recognized independently of the type of assistance they receive and are given the chance to participate once more in local life and assume responsibility for their own destiny.

2. The mechanisms of local development

It is first of all necessary to give a new connotation to the term local which is not limited to the territorial dimension - as defined by the administrative structures - of sectoral policies. The scope of the local level is in fact variable according to the geographical, political, economic, social and cultural conditions of the space in question and there are, furthermore, several levels for local aggregation. The local level should therefore be defined in a functional manner with respect to a potential development project. Local is a space where it is possible to undertake a global and coherent action and where there exists common interests sufficiently strong to provoke a dialogue between local partners, where it is possible to reach sufficient numbers of people to acquire influence and make an impact and where cultural references conducive to awareness and a common commitment already exist or are of a nature to be developed.

Local development is a process of social change, the various phases of which imply cultural, strategic, professional and organizational variables. Three main themes can be distinguished in this process which do not follow definitively the one after the other but which are repeated in a recurring process : awareness and start up, the organization of solidarities and the formulation of a project, the drawing up of a programme and the implementation of action.

Awareness and start up are not self-igniting; certain conditions are required for their emergence. First of all comes the manifestation or worsening of a situation considered problematic for an increasing sector of the population which has been abruptly or progressively removed to the fringes of the dominating economic circuits and with regard to which traditional measures of social protection prove ineffective. Then comes an appeal to a sense of belonging, the development of a local identity prompted by the involvement, whether voluntary or forced, in a common fate.

Finally, there comes the appreciation of a common deficiency which needs to be made good, of inequalities compared with other regions which need to be reduced, of a challenge to be taken up by a group which has common interests to defend over and above any traditional divisions. And the best way of defending these

interests is not to be in a position of complaining to depending on a public authority but to mobilise local resources in order to once again play an active role in the economic and social arena. The second stage in the process of local development involves incorporating forces for change into networks; this means moving from an awareness of local solidarities to organizing these solidarities by reconstituting the social fabric. It is therefore necessary to recognize those who have new aspirations, those who are ready to commit themselves to action and incorporate them into networks, sometimes using existing institutions if they display a readiness to change and sometimes by setting up structures which are not tied to the considerations of the traditional approach. These innovators may make use of an exceptional event or a particular consideration in order to trigger public opinion, gather information on the needs of the community and express its different aspirations. At such a time it is necessary to expand upon the initial movement, ensure that all concerned obtain a more global view of the interests at stake and accept negotiation as a normal way of resolving differences. At the same time it is necessary to reinsert existing institutions in the process of development by encouraging them to reassess their position as regards the aspirations, problems and proposals instigated by the community. The third stage is that of drawing up a common project to be implemented through specific programmes. This is the difficult moment when it is necessary to progress from aspirations to objectives, and then from objectives to organizing the action. The clarification, objectivisation and structuring of the flow of input will result in delicate periods when there must be constant reference to the solidarities in order to maintain the consensus. It is also the moment when the professional dimension of the process, with the need for technical abilities, will be established in relation to the more policy-based approach of the initial mobilisation.

By describing local development as a process of social change the emphasis is placed on the expression of this change and in particular on the tools used : the awareness and responsibility of the local actors, the expression of solidarity and the search for consensus, the ability to draw up a common project and to organize the action, the mobilization of the resources and professional authorities. These tools are mainly based on cultural and strategic variables.

It has now been sufficiently stressed that development is also a cultural phenomenon and that if change does come it will concern the organization, the norms, the attitudes and the social structures. In this respect the capacities for development vary from region to region. Those which already favour initiative, risk taking, collective action, opening up to the exterior and social mobility are more likely to instigate a process of local development.

Local development is also a paradoxical process of destructuring and restructuring. There is an initial stage of breaking with an existing situation in order to move towards a better insertion in an environment where the rules of the game cannot be ignored. The agents of local development must therefore manage the different stages, sometimes punctuated by crises, of a cultural development where the traditional values are called into question in the name of professional values.

Local development implies the implementation of strategies for change. The involvement of active forces within the community, the mobilisation of resources and the search for consensus are objectives to be pursued, they are not the starting point. The roles of providing the impetus and then actually organizing the process therefore need to be further analyzed.

Local development is not self-igniting, it requires an impetus which does not necessarily come from the local community itself. In this respect those responsible in public service, whether elected or civil servants and whether they belong to existing institutions or newly set-up committees, agencies or missions, have an important role to play. However, even if the impetus is provided by external forces, the local actors must assume responsibility for the orientation, animation and control of their own development. This poses the problem of institutional support : new institutions must be set up and what is their position to be as regards existing institutions, in what way can they contribute towards their development ?

Where the initial impetus was provided by external public bodies and where these have also provided financial assistance, the search for bringing into line the objectives of the public development policy and the objectives of the local actors requires from both sides a capacity for communication and

negotiation which allows each to play their own part. Two principles may be proposed in this respect :

- Bringing the objectives into line does not determine the total identity of these objectives. The public institutions intervene in the communities which maintain their autonomy and which, within a process of change, are strongly marked by the personality of their leaders. The latter are bound to have objectives which only partly tie in with those of the intervention policy and, while seeking assistance, are committed to retaining their identity and seeing through their own projects. All that can be expected is therefore a concordance of objectives as far as action is concerned and it is utopian to seek a total fusion of points of view and reference.
- Bringing objectives into line does not mean substituting one objective for another. In order to achieve a total realisation of its objectives, the public intervention may be tempted to influence the actions of the local actors and to intervene in their system of organization and functioning. It is up to the local protagonists to define their project and action programme for themselves, in the knowledge that assistance may or may not be granted, depending on the results recorded.

Those responsible in the public domain may therefore be involved in the process of local development by virtue of the various roles they play : as those drawing up, implementing or assessing policy, as local actors in the development and as direct protagonists in the realisation of actions, and as part of the environment which could have an effect on the success or failure of the process. However, they have received little preparation to become agents of local development, to assess what is at stake, the processes and relations implemented, while at the same time the practices of local development reveal the importance of the personnel factor in the evolution of the system. This is to give some idea of the importance of training for those responsible in the public domain in this area.

THE IMPACT OF THE INTERNAL MARKET

The process of completion of the large internal European market, as proposed by the Commission and rendered definitive by the adoption of the European Single Act, seeks to achieve a primarily economic objective. The total freedom of movement of persons and goods will stimulate competition and the increasing concentration and specialisation which result should allow European companies to sharpen their competitive edge on world markets. An economic space expanded to include 350 million consumers in itself provides a firm basis for economic activity. Increased competitiveness, a higher growth rate and the affirmation of the European pole in world trade are the beneficial effects expected of the large single market. The social effects of such developments cannot, however, be ignored.

The process of transformation of economic and social structures is going to experience a new dynamic. The increasing concentration and specialisation of the productive activities will bring in its wake a sectoral redistribution of wage earners, a relocalisation of jobs and, at the same time, a change in the distribution of incomes. These social effects will be felt in concrete terms at local level and will no doubt accentuate existing trends in terms of regional differences. Regions which are at an advantage today owing to their geographical location, the nature of their industrial specialisation or their service activities, their technical and commercial know-how, the support provided by a high density of educational establishments, research, their proximity to centres of decision-making, the economic culture of their population and their history of involvement in trade ... will certainly bring these advantages to bear in order to better integrate in intra-Community and worldwide competition and, in so doing, will build upon present prosperity. Regions which are already disadvantaged risk becoming more so by virtue of a cumulative effect of their relative handicaps, and will consequently experience a worsening of their employment situation with a whole array of possible consequences on the local social fabric.

The Commission of the European Communities has taken the initiative of accelerating the completion of the large internal market. It has thereby directly contributed to relaunching a

process of integration, the social aspects of which cannot be perceived "ex post" as the simple effects of economic mechanisms. The Commission proposals are designed to strengthen both the economic and the social cohesion of the Community. That being the case, the responsibility of the Community institutions is to take these two dimensions - the economic and the social - into account when drawing up its own policies.

The social effects created by changes to the economic structures are at present perceived with reference to previous changes rather than to an assessment based on a projection of future changes. The nature, extent, localisation and consequences of these effects on the different groups have yet to be determined. Depending on the various scenarios for the spatial and sectoral development of productive activities, what will be the changes to employment structures : number, distribution, localisation, nature of qualifications, professional status ? How are we to evaluate the distribution of incomes among the various social groups ? What are the characteristics of the social groups which run most risk of being relatively disadvantaged ? Where and in what forms will the process of marginalization become evident ? What will be the consequences of these phenomena on individuals or on local communities ? If, unlike the American economy where the social conditions of production are subordinate to economic objectives, the Commission intends to promote a process of development which offers a large measure of integration of the economic and the social, the least one can expect from this institution is that it acquires the means necessary for observing and, if possible, predicting the social changes prompted by the completion of the large internal Market.

PROPOSALS

In addition to the Commission's role of observing and anticipating developments, it should also promote social policies which are integrated in local development by coordinated actions on the part of its structural Funds. In this respect, the training of development officers able to detect and support local potentialities for job creation is essential.

Social policy does not of course end, even at local level, in simple job creation. But, as it is a question of on the one hand

taking into account the social aspects of the completion of the large internal market and on the other hand of concentrating on the concept of local development, employment does appear both as an indicator of the process of economic integration and as a central indicator of local development. However, other action programmes such as training or urban renewal also represent points where social policy can interact with the dynamics of local development. The interaction of social and economic aspects is therefore not only evident at the level of two broad categories of policy but also at the level of action problems and, furthermore, it is undoubtedly at this level that the interaction is most real.

It is now accepted that however necessary tangible investments may be, they do not alone suffice. Intangible investments are essential to facilitating the process of job creation and are therefore perfectly legitimate. The different stages of job creation, that is, the emergence of job creators - whether they present themselves as such or are picked out as being so - the opportunity to initially present their ideas, intentions and needs; their training and analysis of their project, the drawing up of an enterprise plan; the selection of a legal status and the harnessing of the financial resources necessary for start-up; occupying premises and the making available of services and, finally, support and follow-up after creation may be facilitated by the environmental conditions.

Although the development officers intervene in a variety of ways, it is possible to outline a typology taking as the differentiation criterion the stage of intervention in a context ranging from the general conditions of the environment to the direct creation of activities.

Three major types of intervention can be determined in this way:

- Start-up actions which are designed to facilitate the emergence of creators for a more favourable cultural and institutional environment. In this way circulating studies listing local resources or indicating possible areas of activity and organizing meetings and colloquiums serve to inform and then mobilise local partners; preparing articles or publishing specialist revues on the subject of development, setting up data banks, installing information centres, setting up networks of creators assist in the process of stimulating job creation.

- Support actions are aimed at potential creators of activity who have come forward or been contacted individually and are designed to facilitate progress from ideas to action. Whether it is a question of promoting the transfer of applied research from universities to industry by setting up innovation centres, receiving project promoters and helping them to progress from a general idea to a specific enterprise plan and, by offering advice, helping them in adopting a particular legal form, facilitating the harnessing of the financial resources required for start up by setting up local development funds or providing material and moral support for their first installation by offering the services of a breeding ground for enterprises, these are all responses adapted to the needs experienced by those who embark upon the adventure of setting up an enterprise.
- Finally assistance, mainly financial, granted directly to job promotion bodies or companies in the process of starting up serves to demonstrate that a certain course of action is viable or to ensure that it persists.

The roles assumed by the local development agents are multiple and require the adoption of an attitude and the acquisition of abilities which could be facilitated by appropriate training. The local development agents are responsible, for example, for approving the innovation, mobilising local energies and resources, bringing together individual job creators and setting up networks, demonstrating the wisdom of a particular course of action, circulating know-how etc.

The experience acquired in the field of job creation with a view to local development permits a better appreciation of the scope and the limitations inherent in such an approach.

- Job creation necessarily concerns two major kinds of activity : those aimed at a competitive market and which are intended to eventually become economically independent, and those which, either because they are not concerned with the production of marketable goods or services, or because they are produced under special conditions, are not considered profitable according to the usual economic criteria. This division does not necessarily extend to the legal status of the activities (there are some perfectly profitable cooperative companies as there are commercial companies in serious debt) nor to the status of the

employees. It is nonetheless true that if a policy is aimed preferably at social groups whose situation has been rendered precarious owing to economic upheavals related to the completion of the Internal Market, its purpose will be to facilitate the creation of jobs in both of the categories as defined above. The problem is therefore to know how to ensure the survival of activities which are not financially autonomous.

- Innovation is a constant feature of the processes of job creation at local level. This term should, however, be understood in a wider sense than technical innovation alone (the number of jobs created by so-called high-tech companies being relatively small). The innovation may also be of a commercial nature if it concerns a new mode of distribution or a new use for a product, or in social terms if it results in another method of work organization or if it permits the employment of persons generally considered as unsuitable for one kind of work.

- Job creation is a long and difficult process which cannot be evaluated in the short term by taking the number of jobs created as the sole indicator of the effectiveness of a social policy integrated into a dynamic of local development. Regardless of the technical difficulties of an evaluation of this kind - the many factors involved and action variables - social policy is more than just the number of jobs created, it is also an attempt, by mobilising the partners, setting up networks, changing the attitudes of representatives regarding the opportunities for innovation and creation, and promoting awareness and the development of local solidarities, to recreate a social fabric which has been devastated by economic change.

CONCLUSIONS

- As job creation is not the be all and end all of social policy, so local development is not the only response to the economic changes which will result from the completion of the large Internal Market. Traditional social policies will remain essential when dealing with problems on a mass scale. Restating these obvious facts makes it possible to defend the concept of local development without having the feeling of being on the wrong track.

- The responsibility assumed by the Commission in adopting the European Single Act together with the uncertainties and

difficulties of implementing a social policy at local level provide the basis of the legitimacy of intervention by the Commission.

- The first job of the Commission is to acquire the means of analysing the social consequences of the Internal Market in order to be able to answer some fundamental questions : What will be the nature and intensity of these consequences ? Which social groups will be most affected ? What processes of social marginalization or exclusion are likely to follow if steps are not taken ? In which regions will these consequences be most felt ?

- It is then up to the Commission to better coordinate the actions undertaken by employing its funds - FEDER and FSE - in such a way as to ensure that a significant part of its credits are allocated to operations in keeping with the spirit of social policies associated with processes of local development.

- Finally, the Commission should fulfill the traditional roles of legitimizing, providing information, circulating results, providing impetus and animation - on the basis of the principle of subsidiariness - when its intervention is necessary in order to promote social policies which are integrated into local development.

PART 2

GEOGRAPHICAL MOBILITY AND ITS SOCIAL IMPLICATIONS

SUMMARY

The economic dynamic which will come with the completion of the large internal market raises questions as to the prospects for new mobility between the Community countries and vis-à-vis third countries.

Up until the 1970s Western Europe experienced movements of mass migration which have considerably diminished over the last fifteen years.

It is true to say that to date working conditions have continued to be largely determined by national regulations, this explaining a considerable heterogeneity as regards the driving forces for mobilising labour between the various European countries. The "viscosity" of the labour factor therefore appears to be considerably greater than that of the capital factor.

If we leave aside the question of frontier regions, mobility has developed in northern Europe - but in a national context.

Whereas in southern Europe intra- or trans-European mobility has been more common.

Although certain patterns of mobility have persisted, such as from Ireland to Great Britain, in those countries or zones traditionally associated with emigration, such as Spain, Portugal, Greece and Southern Italy, these movements have today slowed down or have even been reversed (in the case of Spain). Two distinct categories of migration exist : those of trained and qualified migrants and those of un-qualified migrants. The first category displays intra-European mobility whereas the flow of the second category has dried up at a time when employment opportunities in northern Europe are declining and the southern European countries are providing better systems of social protection, often associated with the development of a precarious and informal family-based economy.

An analysis of the case of Germany shows particular forms of viscosity : there is no mobility among workers from the North to the South, despite wide differences in the levels of unemployment. The job requirements are for engineers and executives who are the only categories to experience delocalisation.

Professional mobility is coming to be increasingly associated with geographical mobility, bringing a transformation of occupations and qualifications, working conditions and salaries. There is a growing tendency, however, for this process to occur within a company itself. Typical stable employment in Europe would be a full-time job for a mature male, skilled and well-paid, working for a medium-sized or large company and owning his own home. Are the forthcoming economic changes of a nature to transform such a picture ?

Since the early 1980s the general macroeconomic context and modes of development have changed a great deal. The spatialization of activities is tending to become more concentrated, to "metropolize" and employ a better qualified workforce of town dwellers. The massive rural exodus of the 1960s (which is certainly not over in countries like Greece and Portugal) will no doubt be replaced by an "urban exodus" : certain towns are becoming economically stronger at the expense of urban centres which are too rooted in declining activities.

A new economic polarisation is emerging in Europe. Centres of command, research and innovation are grouping together or becoming interdependent networks. The presence of training centres is playing an important role in this structuring of the territory. Differences between the demand for and supply of employment can therefore persist except on the market for skilled or specialized workers. Consequently, part of the flow of mobility could be directed towards certain service sectors and a specific employment status of short duration, on a subcontracting basis and carried out at home, or even towards informal activities. The young populations of southern Europe could in this way slowly infiltrate the employment pools of northern Europe. Three phenomenon would therefore co-exist :

- a) the persistence of traditionally migratory potentials but on a smaller scale (it may be considered better to "sign on at home");
- b) a rise in the intra-European mobility of the most skilled workers;
- c) an opening up to relatively unskilled extra-European workers mobilised on an informal basis.

A serious study of the "new mobility" which could result from the completion of the large internal market therefore seems necessary. If we want to promote the free circulation of persons in a European context it is undoubtedly necessary to make an

effort to harmonize regulations, working conditions, incomes and the exercising of occupations. But this is not just a question of the conditions necessary for mobility. An action serving to bear upon the determining factors of mobility should combine economic and social policies making it possible to bring the nature, content and location of jobs into line with human resources, including the real potential for mobility. In present circumstances, spatial differences in the levels of unemployment within the Community are not going to be solved by mass migrations.

Several prospects for well-targeted actions are possible, concerning :

a) frontier workers; b) the mobility of qualified workers; c) the emergence of a European policy vis-à-vis extra-European migration; d) the European validation of abilities acquired through training and the mutual recognition of diplomas; e) policies for youth mobility etc. It still remains, however, to conduct a variety of studies on the question of the determining factors of the mobility.

THE CONTEXT

GEOGRAPHICAL MOBILITY IN EUROPE : CONTEMPORARY CHANGES

To date working conditions have remained largely determined by national regulations, this explaining the considerable heterogeneity of the driving forces for mobilising the labour factor between the different Community countries.

Leaving aside the questions of mobility as apparent in various European frontier regions, mobility seems to have developed in a national context within northern European countries, while showing a more pronounced intra- or trans-European dimension in the Mediterranean countries of Europe. Such a pattern is, however, anterior to the various stages of European economic integration. In the North particular attention should be drawn to the specific emigration from Ireland which, at European level, is mainly to Great Britain. Spain, Portugal, Greece, southern Italy and Turkey have long experienced emigration, often to more central European areas, principally in northern Italy, eastern France, Germany and the Benelux countries.

Several more recent changes in migratory flows also need to be borne in mind, as regards the countries of both southern and northern Europe. ¹

The Mediterranean countries of Italy, Greece, Spain and Portugal have experienced a number of comparable trends.

Southern Italy, principally an agricultural region with little industry, generated some 60% of all Italian emigrants in the period from the end of the war up until the mid-1970s, that is over a period of thirty years. However, the numbers involved decreased regularly throughout the period, from as many as 160,000 persons per year at first to just 13,000 at the end. The emigrants were unskilled workers from the countryside. As from the 1970s there is a reversal of trends with a slight positive balance resulting from former Italian emigrants returning to Italy and the arrival in Italy of workers from outside Europe. The new phenomenon of the 1980s lies in the increase, although quantitatively limited, in the emigration of active young people

¹ See also "The social dimension of the internal market, special issue of Social Europe, CCE DG V 1988.

(20-29 years), for the most part skilled and coming from northern Italy, to the labour markets of Germany and Switzerland. At present intra-Italian geographical mobility dominates over Italian mobility involving emigration from the country : 1.2 million Italians per year change cities compared with 50,000 Italians who leave the country. But although unemployment stands at 8% in northern Italy, it is twice this figure in the South where it may soon reach 19-20% owing to the natural demographic increase, fewer jobs in agriculture and more women coming onto the labour market. Could such a situation fuel a mass migration, to northern Europe in particular ?

Greece is in a similar situation to Italy : pronounced emigration to Europe (almost one million in all) during the thirty years following the war, 80% of whom were bound for the Federal Republic of Germany, followed by, as from the mid-1970s, a decline in this geographical mobility and the return of migrants coupled with the arrival, often illegally, of extra-European workers. A new flow of emigration has also been detectable; skilled workers moving to the large construction sites of the Near East, until halted by recent events.

The example of Greece shows that there is a labour force with the potential of generating future migratory flows, particularly in southern regions which are still dominated by the primary sector. Such flows could be directed outside Greece itself owing to the absence of industrial centres other than Athens, the hotel and services sector absorbing extra-European workers, and also the type of industrial investment being made - one which does not serve to stimulate jobs. An analysis of the functioning of the labour markets of northern Europe could suggest that the conditions are present for a change from a declining mobility to a revitalised mobility outside national frontiers.

Throughout the 1960s and up until the first oil crisis Spain also experienced pronounced emigration, of one million workers in all. This movement was then halted as soon as the employment situation was reversed in the host countries. The present decade has seen a return of workers to Spain. In 1986 some 19,000 Spaniards returned home, 10,500 from the Community countries. Between 1971 and 1986 Spanish requests for emigration prompted by economic considerations decreased from 130,000 to just 9,000. The new

phenomenon is once again the arrival of extra-European workers in the country, together with workers from the Community, from Great Britain for example. In 1986 Spain granted 17,000 work permits to workers originating from the Community. These are employed in the tertiary sector : services, tourism, leisure activities.

The increased measures for social protection introduced in Spain over the last decade or so has helped to ease the pressure to emigrate. Migrations inside Spain are from the interior of the country, where the population is in marked decline, to the Madrid area and especially the coastal regions. But Spain's major industrial centres are no longer attracting migrant workers in the same numbers as in the past. Many members of the workforce of these areas (the Basque Provinces, Barcelona etc.) have returned to certain rural areas.

Portuguese emigration, formerly very intense with 2 million workers emigrating over a period of thirty-five years, also slowed down during the seventies and similarly concerns host areas outside the European Community : America, Switzerland, the Middle East. France and the Federal Republic of Germany was the destination of the majority of Portuguese who emigrated inside the Community.

The buildings and public works sector mobilised this initially unskilled emigrant labour force of rural origin.

More recently, there has been an emigration of know-how concerning the highly skilled socio-professional categories, at both European and world level.

Mobility inside Portugal is characterised by three movements. The first is to coastal areas at the expense of the interior. The second is to more developed areas such as Lisbon or Porto. Finally, the third is to certain small towns in the interior of the country which absorb some of the agricultural and rural exodus, fuelling a continuing trend towards urbanisation. The primary sector will probably continue to see a decline in its workforce and will generate major migrations by virtue of a push effect particular to the economic and social effects of the rural areas.

It is, unfortunately, quite clear that these internal movements of the Portuguese workforce will in future further aggravate and increase the employment crisis in the coastal regions, within which it is possible to distinguish the northern zones, where craft industries, family businesses and S.M.E.s dominate the

economic landscape, and the southern zones which have been affected by the crises in the shipbuilding and iron and steel industries.

In these various countries of southern Europe, where the primary sector remains important in terms of numbers, and despite an undoubted easing of demographic pressure, even if it is still apparent, the potential for migration certainly remains very strong and this could be activated by an increase in job opportunities either within these countries or in the countries of northern Europe.

It should be stressed, however, that two categories of migrants exist; trained and skilled migrants and as yet unskilled migrants. Intra-European migration is continuing for the first category while the flows have stopped for the second category.

The reasons for the latter phenomenon lie on the one hand in the changes to the method of production in the traditional host countries of northern Europe which require fewer unskilled and more skilled workers, and, on the other hand, the national policies of the countries of southern Europe which have increased social protection, increased wages and strengthened the social infrastructure designed to improve living conditions at the local level : town planning, local development and education and training policies for example. Furthermore, specific social behaviour promoting ownership of both land and property could also in future serve to limit mobility. Yet there is also a trend towards polarisation in southern Europe resulting in considerable geographical imbalances : tertiary-industrial centres of attraction on the one hand and interior deserts, with fragile economies due to an uncompetitive primary sector, on the other hand. An informal and often precarious tertiary sector is developing, helping to reinforce the dual nature of Southern European society, which is not without similarities to the trends in the northern European countries. The arrival of extra-European workers is apparent in all of the Mediterranean countries of Europe. Such a fact could lead the Commission to pose some serious questions as to what the future may hold : will the functioning of the large internal European market increase the "attract effect" as regards this category of worker ?

As regards the countries of northern Europe, the phenomena of

internal hosting and mobility have also been curtailed over the last decade. The Federal Republic of Germany mobilised refugees from eastern Europe, refugees from the G.D.R. and large numbers of Turks, Portuguese and Italians throughout the 1950s and 1960s. These migrants also participated in internal German migrations on a North-South axis, due to the crises experienced by the manufacturing industries of the North. Then, during the 1970s, immigration stopped. At present, in a context of demographic decline and the drying up of the exodus from the countryside to the city, the arrival of extra-European workers, from South-East Asia in particular, is continuing but at a much reduced rate. The most highly skilled jobs concentrated in centres of high technology, such as Munich in southern Germany, mainly go to German workers. It is possible that in the medium term these centres will attract highly skilled European populations. This would severely aggravate an existing problem, namely family grouping, which is not at present allowed by the German authorities.

Although the level of unemployment is much higher in northern Germany than in the South, there is no pronounced mobility of labour from the North to the South. In fact, it is only engineers and executives who relocate in this way as they are part of an essentially national and increasingly international labour market. Workers with no or few skills remain less mobile and increasingly dependent on local markets and the informal economy.

France presents a number of analogies compared with the German situation as regards the mobilising of the non-national workforce and internal migrations. Immigration was stopped about twelve years ago. The intensity of internal mobility peaked in 1975 and has since slackened. French emigration remains low. Urban growth has stabilised. The attraction of the Ile de France is no longer increasing, even if it remains considerable for active young nationals who subsequently leave it around the age of 40. Up until the 1960s North-East France exerted a pull on the rest of the country, but it has since become an zone of emigration owing to the local sectoral crises (coal mines, iron mines, steel industry, textiles, shipbuilding). The South-East Mediterranean regions remain attractive. The new phenomenon is the attraction of South-West France where the population is better trained than in the North, living conditions are more pleasant, industry has left the landscape practically untouched, and tertiary activities

are highly developed. The regions of the West appear stable. Also, the most highly skilled jobs are located in the largest towns, wherever these towns may be found : it is in France that the phenomenon of the polarisation and concentration of jobs of this kind first became apparent.

The effective economic space seems to be becoming increasingly concentrated in inter-urban networks rather than expanding in major economic centres. Finally, it should be noted that there are approximately 100,000 frontier workers.

THE IMPACT OF THE INTERNAL MARKET AND PROSPECTS FOR MOBILITY

In France, as in Germany or Northern Italy, there is a tendency towards a socio-economic bi-polarisation, serving to segment and enclose labour markets and severely restrict in terms of volume the real exercise of the freedom of circulation of workers, except for the best qualified. The advent of the large internal market could serve to reinforce this situation in the future.

The examination of the migratory phenomenon within the twelve Member States leads one to pose two major questions, distinct but related :

- what will be the effects of the creation of the large European market on the localization of the production units of goods and services liable to offer either conditions to attract surplus "peripheral" European human resources, which have their own characteristics, or to mobilise these resources to some extent where they are actually found ?
- how could the existence of this large market change existing and familiar national migratory models, the inheritors of a fordist stage of development, experiencing a profound transformation ?

It should be borne in mind that the geographical mobility of workers in relation to their place of residence is tending to be increasingly associated with a professional mobility in the course of which it is occupations and qualifications which are changing, together with working conditions and earnings. These two aspects of mobility allow for a third dimension which is that of job mobility, marked by changes in the nature of the employer and the company.

Although these different dynamics of mobility have, quantitatively speaking, become less pronounced in Europe over the last fifteen years, following the slowdown and irregularity of the macroeconomic growth in the countries considered, several qualitative inflexions warrant attention as they may develop quite spectacularly in the future.

A consideration of the factors of mobility implies a definition

of the nature of the factors of stability, particularly in the most developed European economies.

Recent studies have analysed the degree of employment stability in France and Germany for example ². In France, 35% of those in employment at the beginning of 1976 were still working for the same employer at the end of 1980, that is, five years later.

The stability of employment is determined by several factors :

- it is more pronounced among the 35-55 age group than among younger people,
- it is more pronounced for full-time jobs than for limited duration or part-time jobs or work done at home. Precariousness and stability of employment are two contradictory terms.
- it increases with the level of skills and the socio-professional status of the worker,
- it is more pronounced among men than women,
- it is more pronounced in large firms than SMEs
- it is more pronounced among the better paid workers : a study carried out in Germany shows that on average an employee in a stable job earns 32% more per day's work than an employee in unstable employment,
- it is more pronounced for workers who are owner occupiers of their homes than for private sector tenants (studies carried out in the U.K. and Germany) : the constant trend towards ownership, often encouraged by the public authorities, is a factor which tends to limit the geographical mobility of the workforce.

These succinct and known elements of analysis provide a basis for a more far-reaching investigation of mobility, in particular with regard to the new and emerging productive configurations in Europe which are quite distinct from those which existed previously.

In effect, the development of methods and structures of production has been a determining factor of mobility, and especially of its characteristics.

² P. Choffel : Stabilité des emplois et évolution individuelle des salaires : une observation sur la période 1976-1980. INSEE. Unité de Recherche no. 180, June 1985, and U. Cramer : 1986. Nuremberg.

The phenomenon of mobility in the 1950s and 1960s incorporated two major components in continental Europe : the peasants and sons and daughters of peasants who left the countryside to live and work in the city, and the spatially relatively more limited pools of employment in the traditional and today crisis-struck industries, not always situated at too great a distance from the new fordist centres of production, which absorbed a workforce with limited skills.

As from the 1960s the general socio-economic context and the modes of development have changed profoundly. Entire regions have experienced disindustrialisation and severe problems of unemployment. The new high-tech activities are tending to become concentrated and once again more urban in nature, calling upon a more skilled workforce of city dwellers. Jobs have been created mainly by small and medium-sized companies which tend to concentrate in a limited number of poles of development : the technopoles.

The mass rural exodus of the 1960s will undoubtedly give rise to a certain urban exodus; certain towns are becoming economically stronger at the expense of other urban centres which have remained too rooted in declining branches of activity. The towns are becoming redefined in relation to one another. Some of them are destined to fall by the wayside.

A new economic polarisation is emerging in Europe. The urban hierarchies are becoming more pronounced, the centres of command, research and innovation are regrouping or becoming interdependent in networks. The spatial division of labour associated with the post-war period is being complemented and succeeded by a phase seeing a new concentration of the most productive structures, mobilising a highly skilled workforce. The localisation of training institutions plays an important role in shaping these new socio-economic areas of development which are attracting a young highly-skilled workforce.

However, the progression from one kind of market to another seems to be becoming increasingly difficult, to the point of provoking a segmentation of these markets and therefore also a segmentation of the flows of mobility which affect any particular labour market. The familiar pattern of migrants moving from the

countryside to expanding towns, to be employed initially in the building industry and public works and subsequently in the secondary sector, is likely to becoming increasingly inapplicable. The rate at which capital has replaced labour in industry has accelerated; computer-controlled automation has replaced many workstations requiring few skills and has at the same time brought a demand for new qualifications, adapted to the increasingly automated monitoring of the production process. The large European market can only accentuate these present overall trends in the development of the most efficient tools of production which require less labour.

Also, the differences between the demand for labour and the supply of labour at European level may persist for economic reasons, except on the most highly skilled labour markets where the "brain drain" could become a more widespread phenomenon, focusing on the major centres of activity. With an average unemployment rate of around 12% for the active European population, with marked differences in rates between the various pools of labour, it is possible that some of the mobility will be directed to certain services sectors and certain employment statuses : short term, on a subcontracting basis, at home or, to a lesser extent, informal or secret activities, while those involved nonetheless seek an opportunity to integrate into the productive areas of the former period, dominated by fordism.

In this way the young populations of southern Europe could slowly infiltrate the pools of labour of northern Europe. In the case of France, it is worth noting in this respect the recent penetration of Portuguese workers into Western France, an area previously little affected by immigration. Such developments would undoubtedly change the national models as long as the age structure of the European countries continues to show such marked differences, most notably an ageing process in the North compared with the relatively young populations of the South. However, such movements could be of only limited effect, because "the worsening unemployment situation in Europe has been caused to a large extent by the hiring of fewer workers ..., coupled with a decline in the rate of departure from the employment market :

resignations and redundancies, and hiring (y) are evidence of a decrease in the mobility of the labour force" (OECD economic survey no 6, Spring 1986), contrary to the situation in North America.

After examining the general functioning of the labour markets in

Europe, it therefore appears that the mobility of the workforce can be analysed with reference to three major axes :

- the continued presence of "fordist" potentials for migration in the countries of northern and southern Europe, but not of a nature to be expressed on a large scale on a European labour market, characterised by the crisis and rejection of fordism. Hence the high levels of local and regional unemployment and a very high risk of marginalization and exclusion for both male and female workers for whom the simple cost of mobility is too high : cost of moving, cost of reinstallation, cost of looking for work in a more expensive area. It can in fact be a less precarious and less expensive existence to "sign on at home", benefitting locally from the basic networks of solidarity. It is for these reasons that the unemployed in the North of England do not move to the South, for example. In southern Italy, however, young people prefer to be unemployed in the towns than in the countryside.
- a hesitant but significant trend towards intra-European mobility involving highly skilled workers in favour of either existing urban centres of attraction and networks, i.e. the major cities (London, Paris, Munich, Lisbon, Athens etc.) or new ones, such as the technopoles.
- the maintenance of a European opening to extra-European workers originating from developing countries who are largely unskilled and informally mobilised - even in a clandestine or illegal manner - to take up difficult, dangerous and unstable employment both in the secondary sector and in the tertiary services sector, and geographically confined to the proximity of the new centres of development or the centres themselves.

These three categories of mobility will be activated to a greater or lesser degree depending on the level and nature of the dynamic for growth likely to result from the completion of the European internal market, both within each of the national economies and in the overall European context.

One of the fundamental questions concerns the nature of the process of tertiarization in European societies and economies, this process being linked to the deindustrialisation being witnessed in northern England, northern Germany, northern France

and northern Spain. This tertiarization seems to be much more heterogenous than the fordist industrialisation which preceded it. The international and exporting dimension to tertiarization concerns only a small part of the internal labour market, namely the highly skilled workers. The dynamic of local service industries often generates precarious and informal employment, helping only to provide a temporary solution to poverty and local social marginality.

PROPOSALS

In the light of the phenomenon as described and analysed above, the Commission must define a Community approach to the social consequences of the opening up of the large European internal market, both in order to study and anticipate developments and to propose and define prospects and principles for action designed to defuse or reduce tensions or potential conflicts.

It is possible to pose certain questions also on the long-term effects of the large European market as regards the conditions for mobilising the workforce within a European context.

Will we see a progressive harmonisation of working conditions, incomes and labour costs as a production factor or will the new intra-European flows of mobility be generated in a heterogeneous European social context ?

Would it be sufficient to see developing at European level strictly economic and commercial norms which would not touch upon the social transformations triggered by the workings of the large market ?

What would be the durability of a European scenario determined solely by new regulations designed to improve the free circulation of goods, prescribe new European company law, harmonize tax legislation, open up the public markets of the Member States and local organizations and propagate unified norms and standards applicable to goods and services, but with scant regard for the social challenges and the challenges facing society as outlined above ?

Recent changes on the European labour markets suggest that, in the absence of any regulatory European intervention, the lack of social and socio-cultural cohesion would entail the risk of economic failure for the large internal market. The free circulation of salaried workers and the freedom of establishment for self-employed workers within the Community on the basis of the prevailing opportunities for employment are basic principles as laid down since 1957 by the Treaty of Rome (articles 48 and 52) with the exception of employment in the public service involving the exercise of public authority (Cf top level administration - Decree of the Court of Justice, 12 December 1980). But for the moment there is no European social policy or Community employment policy in the same way as there is a common agricultural policy or common foreign policy. Free circulation

implies the abolition of any discrimination based upon nationality between workers from the Member States as regards employment, incomes and other working conditions in general. This equal treatment extends to all fields : clauses of labour law (redundancies, compensation etc.), collective liberties (right to form unions, right to strike, right to demonstrate) and also various rights concerning social life : housing, vocational training, retirement pension, systems of social security, systems of unemployment benefit etc.

There is a call for the Europeanisation of these principles at the very time when they are under threat in a number of the national contexts in which they originated. These interventions by the welfare state are also very closely linked to fordism, the economic system at present experiencing a crisis or in the process of being replaced. Furthermore, the ways forward do not always seem to be particularly clear, in particular in the fundamental field of relations between capital and labour.

This may perhaps go some way towards explaining why the Commission is moving forward slowly in the field of European social policy, despite the pragmatism which has characterised its actions and proposals to date. A number of points are worthy of note which are of a nature to warrant action on the part of the Commission.

a) European frontier policy remains too limited, despite the current operation for a European centre encompassing three frontiers (Belgium, Luxembourg, France : Longwy), for example. This frontier question could also assume greater importance in future years, and for two reasons. First of all, the rapid means of communication could extend the hinterland on both sides of the frontier : the case of the T.G.V. (high speed train). In addition, it has already been noted that in many European countries a new and dynamic South is developing, sometimes close to the former depressed "North" of neighbouring countries : this provides a subject for considerable reflection, particularly as regards phenomenon of potential mobility. A particular example is that of the Channel Tunnel which will soon place the technological South-East England in close proximity to regions of Belgium and France where conditions of crisis and conversion prevail. It is clear that the Commission could endeavour to propose measures aimed at contributing towards the economic and social

integration of such regions with very different characteristics in order to avoid them becoming neighbouring regions which are essentially closed in upon themselves and antagonistic. Such an orientation goes beyond the simple improvement which is currently being pursued by the S.E.D.O.C.

- b) The Commission could also study the mobility of the most skilled workers. Two categories of movement by workers may be distinguished : workers who, originating in countries of the North, seek skilled jobs which are located in countries of the South, impeding access to these jobs by local workers; workers coming from the South and forming part of the brain drain to the countries of the North, or acquiring additional professional experience in the North before returning to the South. The Commission could examine in these cases the various costs and possibilities for training and envisage better managed transfers between the North and the South : teaching or professional grants, the funding of institutions and training facilities in the South and of hosting structures in the North etc.
- c) The Europe of the Community should also define and practice a common policy vis-à-vis extra-European immigration from Third World countries. This is a very important question which affects the Member States as a whole, as stated above.
- d) The introduction of uniform norms for the European internal market runs the risk of aggravating the social situation in certain areas of southern Europe where the population resorts to the informal economy, as in the case of tourism for example.
- e) An excessive regionalism in respect of the facilities for training (as is the case in France and Germany) may present an obstacle to mobility, to the extent that it is adaptation to jobs offered in the short term which takes precedence over an approach to jobs and qualifications in the medium or long term and associated with other economic areas. Here again the Commission could help these training institutions to function within inter-regional networks and outline a global prospective on where the need for the new qualifications is likely to be located.

f) As regards the liberal professions, the Treaty of Rome (articles 54 and 57) provided for a programme for harmonizing national legislation and the mutual recognition of diplomas. However, intra-European mobility based on the liberal professions has remained extremely limited in practice. The rise of the major centres of development and consumption, increasingly integrated in both national and transnational networks, could change this present state of affairs for certain professions experiencing new competition and competitiveness.

Since 1984 the Commission has no longer sought to harmonize the content of the various training programmes but rather to achieve mutual recognition of diplomas by determining a basis for comparison.

In this way the Commission is at present considering the question of the mutual recognition of norms pertaining to a qualification status recognised by each of the States. This recognition brings with it the right of establishment in another State. The Commission's primary aim is to translate into reality the conditions for individual liberty - the freedom of establishment - rather than to promote mobility for highly skilled professions exercised on a self-employed basis, such as doctors, nurses, pharmacists, veterinary surgeons or architects. It is therefore a matter of promoting the freedom for mobility which could serve to curtail certain corporatism.

In 1993 real mobility for these professions could be actively sought, but such a move requires the organized circulation of information proper to each labour market, and a certain quantitative regulation of persons trained for these professions : there are, for example, the well-known cases of the "overproduction" of doctors in Italy and France or of Dutch dentists seeking to set up practices in the F.R.G. where there is no "numerus clausus".

There is reason to formulate a particular hypothesis regarding potential mobility associated with certain professions of the services sector which are in short supply, serving both companies and households. Is it not precisely these professions which could serve in future to very considerably

increase long distance daily mobility between the major European centres by using the fastest means of communication : air, rail (T.G.V.) and road networks ? This intensity of professional travelling peculiar to various networks comprising the European region could go hand in hand with the spread of new systems of communication.

g) Finally, other avenues for thought on the part of the Commission are briefly outlined below which could result in a definition of the studies to be initiated at European level in order to improve both awareness of the nature of the problem and knowledge of the prevailing forms of mobility of labour in a European space experiencing the present process of reorganization of productive structures :

- evaluation and proposal of methods of analysis of spatial mobility at European level : emigration zones, immigration zones, geographical size of these zones, their degree of proximity and interdependance, the durability of any socio-cultural origins.
- examination of possible European interventions aimed at improving conditions for the supply and demand of employment, particularly in southern Europe.
- consideration of future conditions for the demand for employment stemming from the dynamic production units which are emerging and centres of development (qualification, job status, their stability or instability etc....) and an analysis of the tertiary sector, its polarisation, its networks and any mobility required.
- increasing numbers of women entering the employment market and mobility, tertiarization, unemployment.
- search for specific lifestyles and immobility or mobility : case of the pluri-actives in the countries of southern Europe.
- training facilities and mobility trends in local economies, as yet showing little development or little diversity.
- consequences of the revised common agricultural policy on the mobility of farmers and their descendants.
- immigrant workers in Europe and their intra-European mobility in a context of increased economic polarisation, for those who have not returned to their country of origin.
- increase in mobility on the part of European households in pursuit of leisure and cultural activities (cf : tourism,

- secondary residences) and the mobility of elderly people
- precise examinations of the phenomenon of mobility in frontier regions as a whole.
 - indirect taxation and "mobility of consumption".
 - the conditions and methods of reinsertion and return for workers who have migrated : accession to ownership, end of transfers of currency ... and eventual possibilities for local development policies in the return zones.
 - mobility and linguistic culture in Europe : what language (s) to speak ? Return to country of origin after learning a foreign language : what are the effects ? what is the potential ? What kind of authorities or institutions are affected by these questions ?

CONCLUSIONS

It has often been stated in this report that encouraging geographical mobility cannot constitute a policy designed to reduce the general level of unemployment; however, an organized opportunity for mobility can be of benefit in reducing unemployment in certain pools of labour, provided that information on the conditions of mobility is produced and circulated. The labour markets are everywhere segmented in Europe on the basis of the level of skills of the workers. Two categories of mobility have been distinguished : that of skilled workers which could once again become important in the context of the functioning of the large internal European market, and according to the geographical polarities as indicated; and that of relatively unskilled workers which dried up about fifteen years ago in Europe, but which could to some extent start up again in the still fordist economic spaces and assuming there are adequate conditions of macroeconomic growth.

In the countries of southern Europe workers with few skills from the primary sector, where there is still a surplus of labour, move from the countryside to the towns where an informal and precarious economic circuit develops, also open to extra-European workers from the developing countries. There is a trend towards an economic and social bipolarisation in Europe which could threaten both the socio-political and the economic and commercial cohesion of the Member States. The role of the Commission could lie in defusing these tensions, promoting a policy in favour of a spread of the "efficient" tertiary sector, thereby helping to reduce unemployment and the informal economy.

Finally, the Commission plays a role which should be built upon in two particular fields : the frontier regions where several local labour markets meet, and the mutual recognition of diplomas, qualifications and training channels. However, the Commission could explore, through a social and societal prospective, the productive configurations at present emerging in Europe, in the post-fordist era, in order to propose an innovative European social policy, accompanying and reinforcing its economic orientations in favour of the large internal market.

PART 3

THE OPPORTUNITY FOR A MINIMUM BODY OF SOCIAL PROVISIONS WITHIN
THE COMMUNITY

SUMMARY

The completion of the large internal market will result in shifts in the concentration and creation of jobs with new localisation mechanisms, it being clear that there

will be a certain competition in attracting or keeping in place economic activities, with marked sectoral differences.

One of the elements in this competition is the relative importance of the social costs of labour. The present situation is, however, very heterogenous as a result of a number of factors : the degree to which certain forms of social cover are included in budgets, the absolute level of protection expenses, the degree of solidarity vis-à-vis certain sectors of the population (notably the unemployed) or between generations (the retirement problem).

This is why certain Northern European countries, particularly Denmark, the F.R.G. and Belgium, are of the opinion that the abolition of national currencies will lead to increased competition in Europe on the basis of labour costs, and that they will consequently find themselves at a disadvantage with systems where a high level of social protection is reflected in considerable social deductions, measured as a percentage of the G.D.P. or the added value. Some are prepared to go as far as to accuse certain countries of social dumping in this respect. In order to avoid situations of this kind, the notion of a "body of minimum social provisions within the Community" has been put forward, notably under the Belgian Presidency. The argumentation which leads to this idea strongly opposes the experts from the countries of the North, who support it, and those from the countries of the South, who contest it. The latter emphasize that competition is not dependent upon the cost of labour alone, and even less the social cost of labour alone, and point out in particular that the systems are more or less autonomous or expressed through the national budgets, this influencing any comparisons. Some even consider that a high level of social protection is a comparative advantage for the drainage of a

skilled workforce, and above all a luxury which they cannot allow themselves considering their level of development and the levels of unemployment in their countries.

One should not, however, be too quick to lump together the development of labour costs and working conditions. It is clear that, costs remaining virtually unchanged, it is still possible to make considerable progress in working conditions, particularly as regards hygiene and safety. It can even be claimed that improvements in working conditions (comfort, noise, light; but also informing and consulting the workers) can permit labour costs to be reduced by increasing the efficiency of production. A Community action on improving working conditions therefore has its own intrinsic logic.

The notion of a body of minimum social provisions in fact rests more on a moral than an economic assumption; the assumption being that there is such a thing as "basic rights of workers". The grounds for assuming so are rather shaky because, as far as labour law is concerned, rights have historically tended to result more from confrontation followed by the process of negotiation progressively resulting in legislation, or involving State intervention.

Although all the experts are agreed that we should move forward in the same direction, they do not necessarily believe that we should proceed at the same pace and that it is the social and economic conditions which accompany the efforts for economic development which should be determining. The notion of a fixed body should therefore be replaced by that of a "motorway", with priority going to concepts of economic efficiency and social solidarity.

There are several possibilities for Community action : a) the drawing up of a European labour code; b) the defining of a concerted training and qualification policy; c) the relaunch of the social dialogue; d) the study, on the basis of precise evaluations, of possibilities for harmonizing social policy; e) the improvement, on the basis of analysis, of the efficiency of Community expenditure, in particular the Social Fund; f) the dialogue on working conditions and, in particular, the terms for a negotiated "flexibility" which would be more offensive than defensive.

THE CONTEXT : A CRISIS IN THE ECONOMIES OR IN THE SOCIAL POLICIES ?

1 The heritage : the Welfare State

The post-war period saw, to varying degrees but reflecting a common line of thinking, the implementation of policies designed to provide greater social protection and better working conditions. The thinking behind this development is based on the generally accepted notion that high levels of growth ¹ should necessarily be associated with a fair distribution of the fruits of this growth and a balanced improvement in the situation of workers.

On occasion it is sometimes the Member State which instigates the construction of these systems; more often, however, it records the results of negotiations sometimes resulting from situations of conflict. The "fordist growth" of the post-war years saw the general introduction of systems of social cover, with specific national features. In France, due to the State, the aim was to formally institutionalize social relations; whereas in Spain the Franco government exerted a paternal influence on social relations. In Italy, social progress came after the phenomenon of mass consumption, at the time when it was in fact under threat from the crisis. In the Federal Republic of Germany the decentralized and continuing search for a measure of flexibility is proof of a certain pragmatism. However, taken overall, a strong expansion of the Welfare State and systems of social cover was generally apparent until the early years of the economic crisis, the outline of what can be taken as a "European model" thereby taking shape. Such a situation is quite unlike that in the United States or Japan.

2 Effects of the crisis on social policies

When the effects of the international crisis came to be clearly felt in the European countries, that is, as from 1975, the systems of social protection and labour organization were much criticized and blamed by some for Europe's delay in adapting to the new international conditions. Criticism of the Welfare State comes from America where, paradoxically, the role of

¹ as was the case in the 1950s and 1960s, except in the U.K.

central government remains, despite this criticism, considerable.
2. In the current climate of liberalism the attempt is to find the reason for Europe's declining share on international markets in exaggerated labour costs.

This too general ideology fails to take specific factors into account. It calls for a dismantling of social policies at the very time when the situation requires renewed efforts in this area.

Several distinct phenomenon call for concerted but adapted remedies :

- the decrease in the number of employed people brings a decrease in the income for the systems of social security, a decrease which is aggravated by the demographic forecasts of an insufficient renewal of the population. No European country has been able to introduce a structural transformation of the system of social security, and the most frequent solution has been to take one-off measures to balance the accounts, notably by budgeting for deficits.
- the bureaucratic complexity of the system of cover and aid tends to multiply the systems in the name of efficiency, although it sometimes has the opposite effect.
- the massive increase in the numbers of unemployed requires the formulation of new modes of solidarity in terms of incomes, assistance in professional and social insertion, qualification, support for creative activities etc.... because it is becoming clear that the ordinary growth dynamic of activities, continuing at a reduced level, cannot absorb pockets of unemployment, either at local or national level. In this respect the case of countries such as Spain where the net balance of job creations is positive, but where increasing numbers of women are seeking work, is indicative of the considerable difficulties of development some countries or regions of Southern Europe are experiencing.

In the light of these developments a return to "market forces" cannot have the same consequences in the three aforementioned cases. As regards social security financing, it would tend to

2 The deficit in the American budget remains substantial and does not only serve to meet Federal needs. Considerable sums are allocated to the States for the development of dynamics for local development or for the economic and social funding of industrial reconversions.

"privatize" certain regions or certain services, substituting mechanisms of profit-sharing insurance by less egalitarian systems of insurance-capitalization. In order to reduce the complexity of the systems of cover there could be a move towards more general systems which would not take into account the specific situation of certain individuals or groups. Finally, the cost of assistance to the unemployed would call into question labour laws (uncontrolled flexibility) and tend to make badly paid "odd jobs" requiring few skills more acceptable. It is quite clear any measures which are of a too unilateral and global nature cannot solve the mass problems of unemployment caused by diverse factors.

One of the main effects of the crisis is therefore to exert considerable pressure for the reduction of social benefits in terms of wages or working conditions. This reduction would restore competitiveness to the production systems where labour costs are considered to be too high; it would also, within the Community, strengthen the situation of the "South" where social security deductions are lower, on average, than in northern Europe.

There are some who claim to see at work in this arbitrary situation the hand of certain countries who are guilty of social dumping. That is, countries benefiting from relatively low levels of social security or tax deductions in order to attract foreign firms.

However, if each country, taken in isolation, has reason to pursue its attempts to become competitive, it is far from evident that the most effective way of doing so is by means of social dumping, and this for several interdependent reasons :

- 1) a fall in deductions has a knock-on effect of reducing national revenue and consequently domestic demand;
- 2) when social cover decreases so does worker motivation;
- 3) pockets of poverty may appear which threaten to substantially increase the considerable costs of dealing with serious social problems, at local and national level.

THE IMPACT OF THE INTERNAL MARKET

THE QUESTION OF THE "MINIMUM BODY" OF SOCIAL PROVISIONS

Decided upon in 1985 and ratified in 1986, the Single Act brings a new perspective to the construction of the Community.

The completion of the large internal market is first of all an economic matter, as it is a question of allowing the free circulation of goods and capital, as provided for by the Treaty of Rome. Although the need for economic and social cohesion has been affirmed, the social policies tend to be seen as a means of adjustment or remedy designed to compensate for the negative effects of economic integration.

On the basis of the hypothesis that the completion of the large internal market will lead to increased competition, and in fact greater specialization and concentration of industrial and service companies, the logical conclusion must be that difficulties of a social nature will be encountered in the short term as regards labour markets, regions and even countries.³

At the same time the pressure to dismantle social policies risks being considerable as each region and each country puts self-interest first when confronted with difficult situations. The result would be a process of divergence which it would be difficult to thwart. If, furthermore, the system of intra-European currencies were to disappear, it is clear that competition could no longer be restored by means of periodic devaluations and that cost adjustments - notably by cutting social costs - could become the rule ⁴.

This then is the context which calls for an in-depth examination of the definition at Community level of a "minimum body of social provisions" :

- capable of avoiding the voluntary phenomenon of social dumping at company, branch and national level which is detrimental to the Community as a whole;
- to reaffirm the need for the economic and social cohesion of the Community, the economic and the social being inter-

³ see "The social dimension of the internal market"
Social Europe special edition, DG V, EEC 1988

⁴ This thesis conflicts with that defended in the report
"Efficacité, stabilité et équité" by T. Padoa Schioppa,
EEC, April 1987.

dependent.

This then is the notion of a minimum body which we will now discuss.

1 Isolating the problem

Noting that extremely limited progress had been in harmonizing social legislation since the signing of the Treaty of Rome, the notion of the "minimum body of Community social provisions" was first put forward during the Belgian Presidency in 1986. The notion of the "European social space" had already been raised under the French Presidency in October 1981 in a memorandum on the "relaunch of Europe", but few decisions were subsequently taken.⁵ If we refer to the Treaty of Rome we find that it clearly states the need to guarantee a constant improvement in working and employment conditions. Specific provisions concern : the free circulation of workers, with guarantees of social security; improvements in living and working conditions, labour law and social security systems; guaranteed equal wages for men and women for the same work; the creation of a European Social Fund to promote employment, training and the mobility of workers; a common policy of vocational training.

The Single Act, for its part, makes it possible in future to pass provisions in the social field by a qualified majority, (article 118A for measures relating to the "working environment", article 118B for the "dialogue between social partners at European level") but the situation is less clear for provisions which tend towards the "free circulation of persons".

Is it therefore possible to enact, at Community level, a system of provisions constituting "a minimum body" ?

- at the theoretical level, this process would owe more to an idea of progressive harmonization of social legislation, founded upon a minimum basis which is considered to apply to all the Community countries which could therefore no longer stand accused of "social dumping" ...
- at the practical level, this process runs contrary to that

⁵ The three options were : a) situating employment at the centre of Community policy, b) intensifying the social dialogue, c) improving co-operation and concertation in the field of social protection.

which dominates all the recent efforts of the Commission which have been to promote the mutual recognition of systems of legislation and regulation (provided that a deontological minimum, which is very difficult to define, is assured).

2 The contribution of the Belgian Presidency : basic social rights to be defended

Noting that the majority of texts proposed by the Commission did not reach the council, the Belgian Presidency committed itself to advancing the idea of a minimum body or norms in the social field.

The general idea on which this effort is based is that of the presence of basic social rights which are one of the expressions of the universal declaration of the rights of man and the citizen. The task is therefore to reach agreement on the principles of right on the basis of which the social dialogue could function at Community level and culminate in decisions. The "minimum body" itself, capable of developing in response to the prevailing economic and social circumstances, consist essentially of :

- the adoption by all the Community countries of the international norms in force, such as those of the I.L.O.;
- promoting the practice of informing and consulting workers in companies experiencing industrial transformation;
- demanding social cover for workers by means of collective agreements;
- improving the situation of atypical workers : no perpetual renewal of part-time contracts, the right to follow training courses throughout their career etc.

This general attitude is also adopted in the Beretta report (Economic and Social Committee) which places the emphasis on social dialogue as an objective and a means for making progress in harmonizing or converging social systems. The idea of a "framework directive" setting out the rights of workers has been put forward. It is only fair to admit, however, that it has encountered considerable opposition, resulting both from the diversity of the interests of the partners concerned and national cultural and economic diversities, even if the idea of a "body" has been supported by many Northern European countries.

3 The nature of the opposition

The idea of a minimum body has been called into question on two fronts. On the one hand, the heads of companies doubt that a pre-established system of social provisions is a viable proposition in the light of present economic uncertainties. They point out that the European Social Charter, upstream of reflections on the minimum body, has not yet been fully ratified. At first sight, a framework directive seems like a good idea in principle, but they remain wary of what it would actually contain. If it resulted in obliging companies on the threshold of profitability to pay sizeable social charges, they feel they would be better off without it ...

The strongest opposition comes, however, from representatives from southern European countries. Spain provides a particularly illustrative example of this. The Spanish employers find it absurd to imagine that the countries of the North could "punish themselves" by reducing their level of social protection in order to become more competitive when they are already very competitive ... they see social dumping as a kind of "paranoic fear" on the part of countries with a high level of income ... From the Spanish point of view the reality is quite different. Democratic Spain has inherited from the Franco period strong trade unions and a high level of protection for workers; later, discussions and negotiations resulted in a social consensus that labour costs should not be increased and that a policy of wage restraint should be implemented. It is this which has enabled Spain to create jobs. The major social question is the economic question : the question of growth which leads to job creation.

PROPOSALS : RETURN TO THE CONCEPTS

This opposition can only be overcome if the notion of a body is replaced by a collection of more dynamic notions.

The "body" is founded on the idea that minimal provisions must reflect the inherent, universal rights of workers. Culturally, the idea is therefore clear as regards historical origins.

This is probably the reason for its fragility : the legal paradigm has now been replaced, at a time of economic and social difficulties, by a "principle of reality" based on economic efficiency and, secondly, on the social and political solidarity which reinforces this efficiency or at least prevents it from decreasing.

The social homogeneity of European societies, particularly with the completion of the large internal market, will in future be associated with a search for increased economic homogeneity. And this will only be obtained if the differences in potentialities, particularly as regards the infrastructures and qualifications of the human resources, decrease. In this respect, there is a lack of Community policies with clear and integrated objectives because the logic of the large internal market is divorced from that of the structural Funds at the very moment when there is a desire to bring them into line.

If we accept that labour costs will vary in the long term, owing to the inequalities of the factors allowing development, it is necessary to move away from the idea of a "body" to that of a "motorway" which points the general way forward to be followed by all countries at their own pace. It is a "dynamic convergence" which should be envisaged. It will undoubtedly take time. But we must be sure that the convergence is real.

This does not prevent us making progress in Community social policies, and if the experts are to be believed there are several particularly pressing needs :

- . to draw up a European labour code;
- . to develop instruments for the prospective analysis of developments in the systems of protection;
- . to relaunch a social dialogue on the basis of appraisals; to appraise the social dialogue itself;
- . to analyse the effectiveness of policies conducted at different levels for the long-term unemployed, young people and women in search of employment, those taking early retirement, etc.

CONCLUSIONS

- a) If the conclusion is that the systems of social security will not be harmonized tomorrow, it is clear that a progressive convergence should be instigated and that this convergence should be flexibly adapted to the needs and aspirations of the countries concerned ;
- b) On the other hand, it is necessary to reject the notion that social expenses are unproductive and put a strain on competitiveness. Many training expenses, for example, are both social and productive at the same time;
- c) Culturally we are lacking in instruments to monitor the social situation in the different Community countries and make the necessary appraisals on actions to be undertaken.
- d) The dialogue on the social policies to be pursued should be promoted more effectively both inside and outside official bodies.

AN INITIAL APPRAISAL

Following the three seminars, which involved over sixty experts, an initial appraisal can be made in relation to the following ideas :

As regards the social aspects of the large internal market, the short-term stakes have not revealed themselves in the same way as the medium-term and long-term stakes.

a) In the short term, the experts expect to see social tensions resulting from an increased concentration of activities and above all appear to want to :

- 1° improve the effectiveness of assistance measures for reconversion in zones experiencing difficulties;
- 2° establish the need to maintain some acquired advantages despite the economic crisis (particularly the systems of social protection);
- 3° negotiate certain conditions tending to provide greater work flexibility by a better use of machines and less rigid regulations.

The general climate of economic difficulties is leading to a certain hardening of positions, the unions refusing to listen to what they consider as an attack on the rights of employees, the employers' representatives speaking on the other hand of a principle of economic efficiency in order to demand a revision of general provisions of labour law, and the States themselves being subjected to pressures owing to budgetary restrictions, these restrictions conflicting with the need for increased individual and sectoral interventions. In this context, all parties are demanding that their particular problems be solved and are advancing, quite legitimately, at the pace permitted by the national contexts for development. The result is, at Community level, a discrepancy between the principles incorporated in the Treaty of Rome and the Single Act and their implementation.⁶. The union workers are continuing, however, to demand the development and implementation of Community social and political norms.

⁶ despite the significant progress made, such as the directive on machines and the "health-safety" directives.

- b) In the medium and long term, the quite general diagnostic is that the completion of the large internal market is only effectively possible by means of active social policies;
- directed at the creation of jobs and activities;
 - promoting the development of human resources, and in particular the obtaining of qualifications and skills and geographical mobility;
 - the instigation, at the level of work organization, of an enhanced social dialogue at company, branch, regional, national and Community level.

The excessively rigid principles of a "minimum body" or, conversely, of the "overall mutual recognition of social legislations and regulations" are encountering strong opposition

Unable to explicitly conceive of the social effects of the large internal market, any principle which is too general in terms of social policies appears insufficiently realistic and adapted.

Neither the idea of moving towards collective European conventions, nor

that of a framework directive appear useful and pertinent to all, not even as a fruitful field for negotiation. However, nobody really questions the principle of social protection and the rules governing the organization of work. The idea of a "European labour code" is put forward so that there can be initial agreement on the terms : what is meant by work, what is meant by the European labour market etc. ... and in fine on the fundamental regulations.

The instruments permitting social dialogue and the dialogue on social policies are insufficient

There is a need for an appraisal of Community attempts at harmonization ⁷ and for clear statistics on labour costs and their constituent parts, on the quantitative and qualitative assessment of protections, on the division of financing and protection between the economic actors, on the development of the rules governing the organization of work, etc.

⁷ A much quoted example is that of the analysis of the real causes of the lack of success of the VREDELING directive.

The idea at least of permanent monitoring of social policies and, better still, of Community monitoring of these policies has often been evoked as a factor in making progress provided that too rapid an institutionalisation does not detract from their effectiveness.⁹

New Community initiatives in respect of social policies will probably be welcomed, provided that the emphasis is placed on their economic impact and that they are subject to a principle of efficiency.

The idea by which the Commission may intervene by means of its structural Funds is generally acknowledged, particularly if one stresses the need to relaunch social policies associated with the deadline 92. It is also clear that the Community interventions must obey the principle of complementarity with the actions associated with the national or territorial institutions and the local partners, with a view to catalysing or lending dynamism to pertinent actions directed at social and economic cohesion.

These initiatives can be associated with provisions necessary for the completion of the large internal market.

Also, for example, an effort aimed at industrial democracy could be included in the definition of the new European company law. Similarly, the legal status of various new forms of employment (atypical employment) could be negotiated at branch or global level by means of Community social dialogue, together with access to expanded public markets. Certain forms of tax status for European oriented companies could be associated with the presence of specific social regulations within these companies. Other examples are also possible and depend upon negotiation between the Commission, the Member States and the economic and social partners.

The experience of these three seminars on the social aspects

⁹ Although the "official" nature of certain statistics is necessary, officialisation is, however, a long and difficult process given the prudence of the statisticians and the delicate nature of the concertation between these statisticians and the official body which publishes the statistics.

of the internal market, open to Commission civil servants and external experts, was very positive. The informal discussion could prefigure the arbitration and submission of proposals concerning Community action. By focusing upon the medium and long-term stakes it is possible to overcome short-term considerations of a tactical nature.

The interest aroused by these three first seminars prompted the Directorate General on Employment, Social Affairs and Education to continue this operation throughout 1988.

Three new seminars have been held to date :

- Concepts and methodological problems for taking into account the social aspects of the internal market, 29 April 1988
- The black economy in the light of the internal market, 31 May 1988
- New occupations and qualifications in the perspective of the internal market, 24 June 1988.

And three other meetings are planned before the end of 1988 :

- Social protection and the internal market, 27 October 1988
- The European area of industrial relations, 25 November 1988
- Education and training, factors of economic and social cohesion, 14 December 1988.

The publication of the results of these new seminars is also planned.

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